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Replacement Problem Gets Thorough Going Over At N.Y. Saratoga Parley

By ROBERT B. MITCHELL

Some encouraging approaches to solving the increasingly prevalent problem of policy replacements were advanced at the annual general agents and managers conference of New York State Assn. of Life Underwriters at Saratoga Springs.

Harold W. Baird

These ranged from tough and immediate legal action against rapacious raiders to long-range education programs designed to make the public too smart to fall for misrepresentations and incomplete comparisons.

Not much time was devoted to drawing distinctions between replacements that are in the policyholder's interest and those that aren't. The prevailing opinion obviously was that extremely few replacements are defensible and that even though some of them might be a better bet for the buyer than keeping his old insurance, the result of a bargain-seeking attitude on the business and on the general body of policyholders would be so disruptive that replacements should be discouraged by every possible means.

Baird Is Keynoter

The seriousness of the problem and the unbelievably bad deals that some policyholders have been conned into were described by Harold W. Baird, superintendent of agencies of Northwestern Mutual Life and past president of the New York state association, who acted as keynoter and moderator.

Mr. Baird interrupted his talk to play a record that is being sent to "selected prospects," which describes in alluring fashion the chance to "perhaps double your coverage and have money left over." There was also a reference to there being "probably a considerable sum in your reserve account, just sitting there and doing nothing for you."

In addition, said Mr. Baird, there is organized raiding of cash value life insurance in connection with the sale of various investment plans. He referred to agents who are occasionally honored by their companies as leading producers, though actually they are systematic destroyers of cash value

Harry K. Gutmann

W. J. November

life insurance, for which they substitute term.

Mr. Baird mentioned an investment counselor dealing with a supposedly sophisticated clientele who nevertheless advised a man earning $8,500 a year to use for his savings program "carefully selected common stocks." Mr. Baird also told of a surgeon who

(CONTINUED ON PAGE 20)

U. S. Life Directors Recommend Vote On 20% Stock Dividend

NEW YORK—Directors of United States Life recommended Tuesday that the stockholders, at their annual meeting to be held March 29, approve a 20% increase in the authorized capital. This will enable the board to declare a stock distribution at the rate of one share for each five shares held of record at a date to be determined later.

President Raymond H. Belknap also announced that during 1960 all divisions of the company's operation were profitable: That paid live sales totaled $309,173,344, a new high. Ordinary sales were $136,548,207, a 6.6% increase. Total life insurance in force is $1,650,840,315.

The average size individual policy sold in 1960 was $12,375 as against a 1959 average of $11,214.

Mr. Belknap said that higher operating earnings increased surplus to policyholders by 20.6%. The net yield on invested assets before federal income tax was 4.25% as against 4.16%. Assets are $116,624,408.

New group A&S premiums showed better than a 25% increase. Group life sales were $172,625,137.

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OK Lincoln National Entry To Fire-Casualty

Stockholders of Lincoln National Life have approved the proposals of the directors that the company establish one or more subsidiaries in the fire and casualty business. Approval, however, does not indicate that immediate action is contemplated.

Due to the flight engineers' strike, some of the news which ordinarily would have been published in this issue will not appear until next week.

Congleton Answers Sears Arguments On Variable Annuities

ANNAPOLIS, MD.—Banning the sale of variable annuities in Maryland would be a disservice to the public, and if life companies are prevented from meeting this need, someone else will do so, without giving the public the protection intended by insurance laws, Richard J. Congleton, general attorney of Prudential, told the state senate banking and insurance committee.

Mr. Congleton was arguing against senate bill 179, which would add the words "of fixed sums" to the definition of annuities in the state insurance laws, and thus block the sale of variable annuities by life companies. The bill was introduced at the request of Commissioner Sears, who opposed the sale of variable annuities in a detailed statement to the personal insurance subcommittee of the legislature's committee to revise the general insurance laws.

Mr. Sears said he opposes variable annuities because of the possibility of

(CONTINUED ON PAGE 28)

Host Of High Level Promotions, Changes Made By Equitable

Three vice-presidents, five 2nd vice-presidents, two counsel and 13 assistant vice-presidents were among those elected at the annual meeting of Equitable Society's directors. Also elected were six regional vice-presidents and a number of executives were given officer status.

George P. Chave

The new vice-presidents are George P. Chave, A. E. Elander and Richard E. Erway, who was also named associate general solicitor.

Mr. Chave, in 1925, joined the auditor's department, was placed in charge of the home office administration department in 1953 and became a 2nd vice-president a year later. Joining Equitable in 1929, Mr. Elander became divisional director of group annuities in the western department in 1939, was named divisional group manager of the southwestern department a year later and was appointed 2nd vice-president in the agency department in 1951. Mr. Erway has been associate counsel since 1952, becoming 2nd vice-president and associate counsel in 1956.

Elected 2nd vice-president and chief appraiser in city mortgage was Hubert D. Eller, former chief appraiser. Other new 2nd vice-presidents are Thomas F. Murray, industrial property manager in city mortgage; George Stoddard

(CONTINUED ON PAGE 29)

Events Schedule For NALU Midyear Is Now Complete

Much Interest In Meeting Next-To-Last In Long Line Of Such Gatherings

WASHINGTON—The schedule of events for the National Assn. of Life Underwriters midyear meeting at Ft. Lauderdale, Fla., April 16-20, has been completed. The program is as follows:

Saturday, April 15, 2 p.m., NALU board meeting.

Sunday, April 16, 9 a.m., General Agents & Managers Conference board of directors; 12:15 p.m., NALU board of trustees luncheon, followed by meeting; 5 p.m., NALU president's reception for all attending the midyear meeting.

Monday, April 17, 9 a.m. to 5 p.m., association workshop.

National Council Tuesday

Tuesday, April 18, 7:45 a.m., Women Leaders Round Table dutch treat breakfast; 9 a.m., NALU national council; 12:15 p.m., GAMC luncheon; luncheon for women guests attending NALU meeting; 2 p.m., NALU board meeting, also GAMC management program and NALU "film festival"; 8:30 p.m., agents forum.

Wednesday, April 19, 8 a.m., NALU past presidents breakfast; 9 a.m., NALU national council; 12:15, Life Underwriter Training Council luncheon; 2 p.m., NALU national council; 7:30 p.m., "Calypso" party for all midyear attendees, sponsored by the host (Broward County) association.

Thursday, April 20, 9 a.m., NALU board meeting; Broward County sales congress; 12 noon to 5 p.m., "NALU day" at Gulfstream Park.

Among the innovations at this year's midyear meeting are the president's reception on Sunday, the luncheon

(CONTINUED ON PAGE 29)

Equitable Society's new 2nd vice-presidents are, from left, Thomas F. Murray, industrial property manager in city mortgage; Stuart A. McCarthy, associate counsel in the law department; Hubert D. Eller, chief appraiser in city mortgage; George Stoddard, manager of industrial securities, and Hudson Whitenight, manager of railroad securities. (Story at left.)

Halsey Josephson Book Defended Against Lack-Of-Proof Criticism

Isadore Dretzin, a member of the Halsey D. Josephson agency of Connecticut Mutual Life in New York City and a long-time friend and associate of Mr. Josephson, has written to Executive Editor Robert B. Mitchell of The National Underwriter taking issue with his Feb. 11 review of Mr. Josephson's book, "Discrimination: A Study of Recent Life Insurance Developments." In the next column Mr. Mitchell replies to Mr. Dretzin.

By ISADORE DRETZIN

As an old friend of Halsey Josephson, with whom I have had a long and intimate association, I am offended at what you permitted to creep into your review of his book "Discrimination: A Study of Recent Life Insurance Developments." Instead of a serious discussion of what I regard as a major contribution to life insurance literature, you gave us something that was patently flippant and rather irresponsible. Did you hide behind the facade of a phantom life insurance man to make your article seem more objective than it actually was?

Charges Review Of Man

It is apparent that you were reviewing the man, with whom you disagree, and not his book. Talk about documentation! Where in the book you allegedly were reviewing did you find wise-cracks and sneers, unless you so interpret a forthright disagreement? Unsupported opinions, yes. But since they were only opinions, what support can be given them, other than logic and the judgments of knowledgeable and respected people in our business? And what about those "sarcastic jibes" you refer to, aimed at the "guys that think differently from us"? Seems to me that is exactly what you are doing. The whole tenor of your article, your phantom letter writer, are all sarcastic slurs at a guy who thinks differently from you.

Surely you have the right to disagree. You may believe specials, terminal dividends, premium gradation, and full reserve policies to be morally right and completely equitable. You may even believe in discrimination it-

(CONTINUED ON PAGE 23)

By ROBERT B. MITCHELL

Mr. Dretzin asks, "where in the book you were allegedly reviewing did you find wise-cracks and sneers, unless you so interpret a forthright disagreement?" I was not interpreting the numerous forthright disagreements as sneers or wise-cracks. I had in mind statements like these:

". . . apparently a mental contortion only insurance commissioners can perform."

Lists Statements

". . . a decade [the 1950s] of competitive shenanigans, cloaked in sanctimonious rationalizations . . ."

". . . the life insurance industry has acknowledged with tear-dimmed eyes . . ."

". . . equity, a word used, I am certain, to ennoble the procedure."

"The decrease in cost was naturally attributed to the premium gradations by size! (The sarcasm is more ev-

(CONTINUED ON PAGE 22)

Guynn Is President Of Old Line Life

Forrest D. Guynn, executive vice-president, has been elected president of Old Line Life of Milwaukee. He has been acting head of the company, having been installed a year ago when a dissident stockholder group gained control.

Forrest D. Guynn

Mr. Guynn joined Old Line in 1955 as director of agencies. He was vice-president from 1956 until 1960 when he was dismissed after a disagreement with the former management.

He started his insurance career with Aetna Life, becoming assistant general agent at Minneapolis. Before going with Old Line, he was agency vice-president of Midland National Life of Watertown, S.D.

Stockholders gave the new management a vote of confidence by returning Mr. Guynn, Walter G. Zinn, and D. C. Jacobus to the board for three-year terms. Franklin P. Grof and William Lamont were elected directors for unexpired one-year terms.

North Central Co. Offers To Purchase Maine Fidelity Life

An offer by North Central Co. to purchase Maine Fidelity Life through an exchange of stock has been approved by directors of Maine Fidelity. The acquisition is contingent upon exchange of 51% of Maine Fidelity stock.

North Central plans to take over the management of Maine Fidelity immediately, and Robert R. Masterton, sales vice-president of the holding company's subsidiary, North Central Life, has been named president of the Maine insurer. He succeeds Paul E. Merrill, who will continue as chairman.

Maine Fidelity is capitalized for 300,000 shares of $1.50 par value stock, and North Central Co. has 405,687 shares outstanding.

The Portland insurer, which was formed in 1955, has $18,761,121 of insurance in force. Assets amount to $1.2 million and capital and surplus total $729.694. It is licensed in 23 states, and a combination of Maine Fidelity and North Central Life would give the subsidiaries access to 36 states.

Canadian Life Men Elect C. B. Lindsay

TORONTO—C. B. Lindsay, manager of London Life at Vancouver, was elected president of Canada Life Underwriters Assn. at the annual meeting here. Mr. Lindsay, a CLU, has been in the life insurance business for 30 years, all with London Life.

C. B. Lindsay

Other officers elected at the meeting were D. J. Davidson, Metropolitan Life, Victoria, president-elect; Fraser Deacon, Canada Life, Toronto, chairman; D. A. Donaldson, London Life, Toronto, vice-chairman; Fernand de Haerne, Global Life, Montreal, honorary secretary; John E. Manning, Mutual of Canada, Toronto, honorary treasurer; N. H. Evely, Prudential of England, Toronto, chairman of CLU Institute. Also elected were 14 regional vice-presidents and 14 regional directors.

The John A. Tory medal for the highest score in the 1960 CLU examinations was presented to Guy Lapointe, Great-West Life, Rimouski, Que. The "Totem Pole" award for local association programing and administration went to the Toronto group, while awards for membership promotion went to Bas St. Laurent, Que., Granby, Que. and Northwestern Quebec.

IAHU Board Asks Study Of Care Program Costs, OASI Method Opposition

Directors of International Assn. of Health Underwriters, in resolutions adopted at a meeting at Chicago, urged that proposals to attach health care to social security be resisted and that a study of costs for a federal program be made before legislation is enacted.

The board agreed that burdening the social security system with health care expenses would bankrupt the system, and they proposed that efforts be made to solve the problem of financing through existing mechanisms of personal savings, insurance and direct public assistance.

It was resolved that, whereas both the Forand and Kennedy proposals involved immense outlays, a bi-partisan study of the projected costs of any federal program be made before Congress considers it.

In another resolution, the directors objected to using the word insurance in connection with social security because none of the 16 million people now over 65 have or ever will contribute to a health care benefit fund.

Equitable's Assets At $10 Billion-Plus, Life Sales Up 13%

Equitable Society chalked up a 13% gain in total life insurance sales in 1960 and set records in other areas, according to James F. Oates Jr., president, in the company's annual report to directors.

James F. Oates Jr.

Assets crossed the $10 billion mark and at year-end totaled $10,039,070,000, an increase of $375,096,000 over 1959. Life insurance in force amounted to $37,032,916,000, compared with $34,353,682,000, and premium and annuity income reached a record $1,105,398,000, up $5,597,000.

Benefit payments, including dividends, rose 5.8% to a record $899,629,000, of which $198,801,000 was applied for dividends, a gain of 12.3%. Combined sales of ordinary and group life amounted to $2,967,807, compared with $2,627,136,000. Group life production totaled $1,237,761,000, an increase of $396,390,000.

Ordinary Sales

Ordinary life sales were $1,730,046,000, off 3.1% from the record $1,785,766,000 in 1959. Ordinary policies issued in connection with residential mortgages came to $187,399,000 less than in 1959. Ordinary policies unrelated to residential mortgages amounted to $1,555,238,000, which was 9.3% more than such business produced in 1959.

Net investment income was $377,113,000, a gain of more than $25 million. The net rate of return, before federal income taxes, was 3.95%, the highest in 28 years. The return in 1959 was 3.82%.

Equitable invested $738 million during the year at an effective average gross rate of 5.68%, a significant increase over the 1959 result.

Mr. Oates reported that $36 million was invested in 1960 under the company's program, initiated in September, 1959, which involves the acquisition of common stocks on a continuing basis over a period of years.

He said, "The portfolio of common stocks purchased snce the inception of this program had a total cost of $55,413,000, and a year-end market value of $5,237,000."

General American Life had a 15% increase in paid ordinary life in January. Individual life business in the last quarter of 1960 was up $3 million.

Figures From Companies' 1960 Year-End Statements

	Total Assets $	Increase in Assets $	Surplus to Policy-holders $	New Bus. 1960 $	Ins. in Force Dec. 31, 1960 $	Increase in Ins. in Force $	Prem. Income 1960 $	Benefits Paid 1960 $
American Mut., Des Moines	70,181,690	3,482,749	4,801,097	66,734,234	352,384,301	36,860,775	8,114,585	4,484,523
Bankers Life of Iowa	1,093,533,892	63,831,452	69,401,286	461,735,440[1]	3,760,170,334	210,776,187	135,016,475	93,822,920
Business Men's Assurance	211,235,059	15,400,606	34,833,511	506,710,846[2]	2,001,706,988	266,717,839	57,736,327	32,951,109
Capitol Life, Denver	52,478,716	9,260,735	3,250,525	796,640,933	1,241,783,786	819,482,747	21,927,887	9,904,058
Great-West Life	791,494,588	47,996,228	57,435,483	605,965,892	4,179,690,349	404,747,363	120,075,097	89,295,251
Home Life, N.Y.	424,274,988	22,519,060	26,215,929	256,320,846	2,240,884,146	127,303,455	53,952,214	34,868,097
Indianapolis Life	127,399,255	6,859,348	11,609,509	84,773,142	495,187,218	43,398,950	12,854,042	8,084,621
Lamar Life	77,277,147	5,013,594	12,834,715	41,983,071	293,832,462	21,230,194	6,373,777	4,113,031
Lutheran Mutual Life	118,723,745	10,204,824	9,860,234	98,964,001	620,639,017	72,323,026	13,518,142	6,040,820
Midland Mutual Life	114,892,483	4,805,791	6,640,868	53,576,951	421,976,070	22,086,515	11,111,977	7,288,088
Monumental Life	244,444,750	12,929,394	34,385,430	170,025,559	1,150,223,263	59,376,745	30,965,667	12,838,418
New England Life	2,210,622,334	88,798,637	164,020,786	944,478,715[3]	7,042,890,567	459,993,885	214,145,137	145,567,455
North American Life, Can.	336,367,875	25,390,405	13,488,313	279,491,113	1,710,595,967	172,850,844	45,208,082	21,604,891
Paul Revere Life	201,325,780	19,439,086	56,807,291	161,915,744[4]	896,023,512	84,992,959	49,054,888	22,511,108
Republic National Life	105,859,877	8,427,104	8,296,033	1,262,025,347[5]	2,974,869,128	619,179,471	44,665,617	31,576,250
State Farm Life	212,599,038	25,641,877	25,661,208	310,763,979	1,734,840,597	174,361,847	40,366,382	6,592,887
Union Central Life	801,820,786	8,453,562	47,737,855	379,479,949[6]	3,043,984,830	179,505,762	69,866,459	85,181,846
World of Omaha	35,384,413	4,078,554	3,535,788	294,139,522	314,889,033	30,369,272	18,331,014	8,050,880

New business excludes revivals and increases except as follows: [1] $66, 114,088; [2] $40,768,630; [3] $47,141,860; [4] $38,149,021; [5] $80,853,046; [6] $32,044,601.

Nw Mutual Sets Up EDP Department Under Groeschell

An electronic data processing department has been formed by Northwestern Mutual. It will be headed by Charles G. Groeschell, comptroller, who becomes director of personnel and services.

C. G. Groeschell

Establishment of the department is in line with company plans for expanded use of EDP. Processing of nearly 30% of the company's 1.7 million policies has been converted from manual to electronic methods. A second IBM 705 computer will be employed on a rental basis in April, and next year a transistor-operated IBM 7080 computer will be installed to complete the electronic conversion of all insurance in force by late 1962. The smaller 7080 will have three times the capacity of the 705.

Mr. Groeschell, who joined the company in 1947, has been comptroller since 1953. He will be succeeded in that capacity by Harvey D. Wilmeth, currently manager of mortgage services. Mr. Wilmeth has been with the company since 1947.

Wilfred A. Kraegel, with Northwestern Mutual since 1948, will be manager of data processing. He has been assistant actuary.

Three assistant managers have been appointed. Frank H. Rice, assistant actuary, will be in charge of systems, and Lester C. Laatsch, who has been supervisor of tabulating service since 1948, will handle operations. In charge of control and documentation will be Wilbert J. Reimer, a specialist in the comptroller's department since 1956.

Ohio State Schedules Insurance Conference

Insurance company management and sales personnel will join with insurance buyers at the annual insurance conference to be held March 9-10 on the Ohio State Unversity campus.

For the first time, a separate session will be devoted to problems of corporate risk management. This will include a discussion of insurance for nuclear risks, and a visit to a nuclear reactor.

A case study in risk analysis will be presented at the fire and casualty session. The life agency management section of the conference will feature several speakers on employe benefit plans, business life insurance and health insurance.

Discuss All-Lines Aspects

The all-lines aspects of the case study will be discussed at a combined afternoon session. This part of the program will also include a symposium on the education, research and public relations challenges facing universities and the insurance industry.

The fifth annual induction ceremony of the Insurance Hall of Fame will be one of the highlights of the conference. At a luncheon, new members will join the nine individuals who have been honored in past years for outstanding contributions to insurance thought and practice.

David L. Bickelhaupt, associate professor of insurance Ohio State, is conference chairman.

1961 Tax Facts Edition Is Now Off The Press

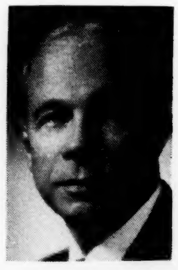
Tax Facts on Life Insurance—new 1961 edition, developed and published by the Diamond Life Bulletins department of the National Underwriter Co., is now off the press.

This popular question-and-answer, pocket-size tax guide reflects latest legislation—all regulations, rulings and cases published prior to Jan. 1, 1961 —everything of importance to the life underwriter. It is written in simple, easy-to-understand-and-use question-and-answer-form and cross-indexed with the exclusive D.L.B. guidex which makes this authoritative tax book really three books in one. The reader can tell at a glance whether the prospect has one, two, or three federal tax problems. Tax Facts' easy-to-find information on income, estate and gift taxes is a quick easy-to-use source of facts for review of tax problems.

Price is $2 for single copy, less for quantity orders.

Life Of Va. Names Five Senior Vice-Presidents

Life of Virginia has named five senior vice-presidents, four from within its own organization and one from another life company. The four men promoted are George F. Albright, agency vice-president; Hill Montague Jr., administrative vice-president in charge of home office operations; William R. Shands, vice-president and general counsel, and John B. Siegel Jr., financial vice-president. Warren M. Pace,



William R. Shands

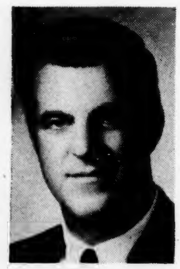
George F. Albright

Hill Montague Jr.

former agency vice-president and director of Atlantic Life, was named senior vice-president in charge of Life of Virginia's ordinary agency division.

Mr. Albright began his career with the company in Charlotte, N. C., where he later became associate manager. He has been field training supervisor, manager of the field training division, manager of the district office at Atlanta, assistant vice-president and assistant to the president. He is a director of Life of Virginia and of the Richmond CLU chapter.

John B. Siegel Jr.



Warren M. Pace

42 Years Of Service

Mr. Montague, who has been with the company since 1919, was named assistant actuary in 1935 and secretary in 1936.

A director since 1946, Mr. Shands joined Life of Virginia as counsel in 1940, becoming general counsel three years later. He has been secretary and is a director of Health Insurance Assn. and past president of Assn. of Life Insurance Counsel. Mr. Siegel joined the company as a security analyst and was placed in charge of the financial department and named a director in 1960. He is chairman of the investment section of American Life Convention.

Mr. Pace entered the business with Guardian Life, became associate manager at Richmond in 1949, went to the home office in 1919 and three years later was appointed agency director. He joined Atlantic Life as assistant vice-president in 1955, became agency vice-president in 1956 and a director in 1960. He is a CLU.

Hancock Liberalizes Some Of Its Clauses

BOSTON—John Hancock has made these ordinary-department liberalizations:

The accidental death benefit will be issued at ages 0 through 65, with coverage effective not earlier than age 5 and extending to 70 or earlier maturity. In most cases rates are cut, too.

The ADB limit is increased to $150,000.

Rates on select ordinary waiver have been reduced. Women's rates become the same as men's.

Family income or single payment benefit with select or multiple protection policies is available for varying whole dollar amounts of monthly income from 1% to 2% of sum insured, but not less than $20.

Rates on multiple protection policies have been adjusted to reflect changes for the ADB and waiver. Improvements were made in non-medical rules, the most important being an expansion in the limit for the insurance-of-insurability benefit.

Surety Life, Mutual Fund Offer Combination Plan

Surety Life of Salt Lake City and Hamilton Management Corp. of Denver have introduced an insurance and mutual fund merchandising plan in Utah, Montana and Nebraska on a test basis. Sales representatives of the two firms will be cross-licensed to sell insurance and/or mutual funds. Fund shares and insurance contracts will be sold separately. However, Surety Life has introduced three new contracts designed to complement Hamilton Fund plans. According to Lewis T. Ellsworth, president Surety Life, "The program will, in effect, bring to the public a variable annuity through the guaranteed values of life insurance and the growth opportunity of mutual funds."

Acacia Mutual Life Correction

A recent issue of THE NATIONAL UNDERWRITER stated that the 1960 new paid for business of Acacia Mutual Life was $8,889,784. This figure actually represents the new paid for business of the company's Chicago agency only. The total new paid for business of Acacia Mutual for 1960 was $213,505,290.

SHOW 1960 INSURANCE RESULTS

	1960 New Business $	1959 New Business $	1960 Increase in Insurance In Force $	1959 Increase in Insurance In Force $	Insurance In Force Dec. 31, 1960 $
Aetna Life	2,027,343,120	1,632,590,844	1,358,934,772	1,459,178,600	24,311,020,459
Bankers Life of Iowa	461,735,440[1]	500,505,944[1]	210,776,187	276,740,557	3,760,170,334
Capitol Life, Denver	796,640,933	114,604,821	819,482,747	98,085,577	1,241,783,786
Connecticut Mutual Life	595,932,630	580,528,764	348,815,395	350,429,982	4,700,113,732
Great-West Life	605,965,892	532,641,846	404,747,363	370,857,802	4,179,690,349
Hartford Life	178,803,862[2]	166,668,884[2]	126,257,496	106,196,485	773,236,931
Life & Casualty, Tenn.	362,088,233	357,429,463	121,533,424	148,184,994	1,920,885,605
Massachusetts Mutual Life	1,268,327,470	1,225,468,262	731,909,802	809,071,830	8,278,463,501
North American Life, Can.	279,491,113	268,904,920	172,850,844	198,175,840	1,710,595,967
Occidental Life, Cal.	1,737,525,719	1,613,835,275	1,157,154,780	1,050,238,888	10,206,576,346
Pan-American Life	217,143,342	174,576,641	96,398,610	80,668,848	1,322,379,236
Paul Revere Life	123,766,723	134,775,377	84,992,959	93,895,086	896,028,512
Union Labor Life	27,020,816	55,668,454	23,798,520	28,627,070	1,096,405,179
United Benefit Life	388,502,095	280,079,166	113,552,972	160,046,643	2,160,924,702

New business figures include the following amounts of revivals and increases for 1960 and 1959, respectively: [1] $66,114,088 and $67,656,933; [2] $75,041,641 and $12,449,512.

Katsumi Tokunaga

"I've got it made... thanks to Franklin!"

With no previous life insurance sales experience, Katsumi Tokunaga has done well as a member of the California Franklin organization. Practically all of his sales are on Franklin "Specials." Here is a record of his cash earnings to date, starting with his first full year:

1956	$ 5,766.28
1957	8,435.58
1958	12,326.39
1959	12,417.33
1960 (11 mo.) . .	14,952.77

GENERAL AGENCY OPPORTUNITY IN TULSA, OKLAHOMA

Campbell, California
December 15, 1960

Mr. Kenneth T. Kono, General Agent
Golden Gate Agency
Berkeley, California

Dear Ken:

A few years ago when you told me the biggest change I'd make in coming with Franklin Life would be in my earnings, I had reservations. Then I was too concerned with the switch from a physiologist to a Franklinite—and moreover, a Franklinite without prior experience.

But now I have no reservations—I only feel happy and proud to look back at a record of healthy growth. And this growth, Ken, I also know now was inevitable with tools like the Franklin specials and people like you and George Landis and all the other Franklinites.

It gives me a good feeling to put down on paper my earnings of $5,766.28 in 1956 (my first full year with Franklin) and compare it with the $14,952.77 I've earned to date (Nov. 30) in 1960. I get a mental lift when I glance at the watch on my wrist that commemorates the 62 sales I made in 60 consecutive days the early part of this year.

Happiness . . . pride . . . they're qualities that are necessary to any man's state of well-being—and when this man is increasing his income "to boot," he's got it made. I have . . . and thanks.

Most sincerely,
Kats

The Friendly
FRANKLIN LIFE INSURANCE COMPANY

CHAS. E. BECKER, PRESIDENT — SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

The largest legal reserve stock life insurance company in the U.S. devoted exclusively to the underwriting of Ordinary and Annuity plans.

Over Four Billion Dollars of Insurance in Force

Questions And Answers From CLU Column Supplied To Daily Papers

American Society of CLU is supplying many daily newspapers with a question-and-answer column on life insurance. The questions are selected and the answers written by C. C. Robinson, communications consultant, of Wellesley, Mass., former home office agency executive, field man and insurance magazine editor. CLU members wishing to have the column appear in their local papers should write to American Society headquarters.

QUESTION: If I borrow from a savings and loan association and give the lender a first mortgage as security for the loan, does the lender have a right to demand that I sign over my life insurance as additional security?

ANSWER: It is our understanding that a lender, either individual or institutional, can ask for any amount or type of collateral he wants. Whether he gets it is up to the borrower; and here the law of supply and demand would seem to govern.

Apparently the savings and loan association you mention feels that your home would be ample security, if you live; but that if you died they would prefer to have the loan paid off through life insurance, and so avoid the necessity (and expense) of selling your property.

Many borrowers also prefer to conserve their property for their families and a lot of life insurance is sold for the specific purpose of retiring a mortgage at death. Often the type of insurance used is reducing term, and at most ages the premium adds only a little to the cost of a mortgage.

Heard Term Was 'Cheaper'

QUESTION: I was recently advised that term insurance is much cheaper than the kind of life insurance I have and that I'd do better to have term policies.

ANSWER: Term life insurance is the lowest premium policy you can buy, but it is not always the "cheapest" or "most economical." Term insurance is for relatively short-term insurance needs, like covering a loan or a mortgage or giving extra family protection for a few years until your income increases to provide a full insurance program.

Remember that you seldom can get term insurance after 65 and thus, if you have only term policies, you will wind up without any family protection. Also, while lower in cost today, as you get older term insurance becomes more expensive than the regular cash-value or permanent plans. In fact, term insurance eventually becomes prohibitive. Use term insurance for "term needs" only. This is playing it safe and you buy life insurance to be safe.

Paying Too Much?

QUESTION: I would like to know if I'm carrying too much life insurance, and if I'm paying too much for it? I'm a woman, single, and 28 years of age. My policy is a 20-pay life, for $6,000, and it costs me $13.37 a month.

ANSWER: To tell you whether $6,000 is "too much," we'd have to know a great deal more about your circumstances than you've put into your letter. The answer would have to be based on the needs of the people you took the insurance to protect, related to your salary and your future prospects.

But we can answer the second part of your question. Your 20-payment life policy is not costing you too much. In 20 years, you'll have $6,000 of fully paid-for life insurance (on top of having had 20 years of protection); and you will also have a cash accumulation you can borrow or take outright that should just about equal what you have paid in.

Equivalent To Interest

In 20 years, your insurance will have cost you, roughly, the interest you might have earned on your $13.37 a month premium. We say "might have earned" because, while many people continue paying life insurance premiums for 20 years—or much longer—very few have savings accounts in which they have made regular, uninterrupted deposits for stretches of even 10 years. In our own case, we know this to be true, and it also applies to those of our friends who are old enough to have had 20 or more years of savings experience.

We feel sure you have a need to save money; and if you also have any need for the protection you are buy-

(CONTINUED ON PAGE 26)

BEHIND THE NYLIC AGENT...

A continuous training program to keep advancing his career!

The day a person qualifies as a Field Underwriter with New York Life, his training begins. Through regular classes, home study, and personal consultations with management, he covers all the specially prepared texts in the three-part Nylic Training Course.

Part One covers insurance fundamentals and basic Nylic selling techniques, single-need selling, merchandising insurance, selling through service, total-need selling, expanding markets, and marketing mass coverages. **Part Two** covers programming with planned security.
Part Three covers Business Insurance topics such as: reaching the businessman; solving sole proprietor, partnership, corporation and key-man problems. This part also explores Estate Conservation; selling the estate owner, tax procedures and guides.

Career conferences, advanced underwriting seminars, workshops, and club meetings supplement this training and provide a way to continuously increase the agent's know-how and advance his career. Also, the Nylic Agent who desires to enroll in C.L.U. study courses receives full assistance from the Company.

This continuous training, combined with his enthusiasm and ability, helps explain why the Nylic Agent is so successful—and why New York Life policies are so widely owned.

Thorough career training is another reason why . . .

THE NEW YORK LIFE AGENT
IN YOUR COMMUNITY
IS A GOOD MAN TO ~~KNOW~~ BE

New York Life
Insurance Nylic Company
51 Madison Avenue, New York 10, N. Y.
A MUTUAL COMPANY FOUNDED IN 1845
Life Insurance • Group Insurance • Annuities
Accident & Sickness Insurance • Pension Plans

$10 Billion At Work In U. S. Furnished By Life Companies

Funds of life insurance policyholders are helping cities throughout the U. S. to fight the battle against urban obsolescence and decay. In the past decade, life insurance companies have put over $10 billion to work improving the business, residential and recreational facilities of American cities, according to Institute of Life Insurance. This huge investment has made possible new office buildings, apartments, stores, schools, hospitals, hotels, theaters, shopping centers, bowling alleys, expressways, bridges, tunnels and many other facilities.

Many of these new structures have replaced crumbling tenements and outmoded commercial buildings which marred the beauty of downtown areas and jeopardized health, safety and morale.

Life insurance funds have been the most important single source of capital for the post-World War II office-building boom. A survey by Julien J. Studley, a leading commercial realtor, indicates that in New York alone life companies have invested about $750 million in new Manhattan office buildings since the end of the war, including nearly all of the 150 or so major office structures built during this period or now under construction.

For example, New York's 52nd Street was formerly a synonym for nighttime gaiety. But the main string of gaudy cabarets and honky-tonks that once separated tourists from their dollars along 52nd Street have all been demolished. In their place is rising, among others, the new 43-story, $75 million Uris Building on the Avenue of the Americas.

In Pittsburgh, $75 million of life insurance money went into redeveloping a 23-acre blighted area at the apex of the city's Golden Triangle, where the Monongahela and Allegheny rivers merge to form the Ohio river. This "Gateway Center" area is now a colorful plaza and park, bordered by six gleaming stainless steel office skyscrapers and a new hotel.

In the heart of downtown Philadelphia, several life companies have invested a total of at least $50 million in the Penn Center development on the site of the old Broad Street Station of the Pennsylvania Railroad.

In Hartford a former 12-acre downtown slum is being turned into one of the most valuable pieces of real estate in New England through a $35 million life insurance investment. When finished in 1963, this "Constitution Plaza" will include five modern office buildings, a shopping court, a 250-room hotel and an underground parking garage.

Immediately after World War II, life companies pioneered in helping to meet a critical housing shortage in American cities. Life companies planned and developed great, modern apartment projects like Stuyvesant Town and Peter Cooper Village in New York's gas house district and Lake Meadows in a southside Chicago slum.

Modern apartment developments for city dwellers at all income levels continue to rise on a massive scale as a result of life companies' investments. In recent years, one life company has provided nearly $50 million for a dozen different apartment buildings throughout Chicago's northside lakefront area to house more than 4,000 families.

In Manhattan, perhaps the largest single residential mortgage loan in history has revived a three-square-block area of blighted tenements and wornout commercial structures in historic Greenwich Village. They have been replaced by "Washington Square Village," which includes two modern 17-story terraced apartment buildings, a shopping area, a children's playground and broad stretches of grass and gardens. A life company invested $20 million.

The nation's continuing need for new office space was underscored by a recent Department of Labor estimate that, during the 1960s, there will be a 30% increase in the nation's clerical force and 40% rise in technical personnel.

Among the dozens of new office structures made possible by life insurance in midtown Manhattan are the 47-story Time-Life Building on Avenue of the Americas, and the 39-story Tishman Building on Fifth Ave. They provide facilities for over 25,000 workers.

Office construction is also under way at a fast pace in the financial section of lower Manhattan. One of the largest new buildings is the New York Produce Exchange at the foot of Broadway.

Some new commercial buildings financed by life insurance in other cities follow:

—Dallas, A 42-story skyscraper and two other huge buildings.

—Denver, A new hotel and department store.

—Los Angeles, More than a score of buildings along Wilshire Boulevard, near the Ambassador Hotel and in the Miracle Mile area.

—Cleveland, The 21-story East Ohio Building on Superior Avenue.

—Seattle, The 20-story United Exchange Building.

—Buffalo, A 20-story office building on Lafayette Square.

—New Orleans, The 28-story Allen-Towers Building at the corner of Gravier and Baronne Streets.

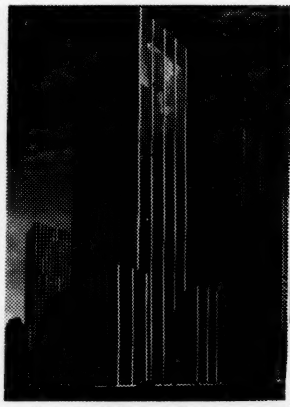
—Atlanta, The Georgia Power Building and the 22-story Atlanta Merchandise Mart.

—San Francisco, A skyscraper built as the regional headquarters of a life company was the first new major building in the city in more than 20 years. It sparked a building boom that resulted in at least 10 other buildings.

—Montreal, Place Ville-Marie, an $80 million project that includes a 42-story skyscraper in the shape of a cross, several smaller office buildings, a large shopping center and promenade.

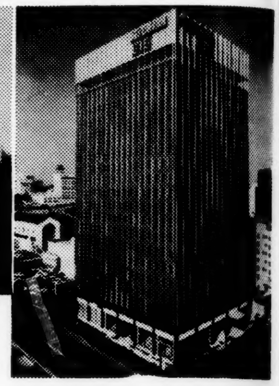
LIFE POLICY FUNDS MADE THESE BUILDINGS POSSIBLE

Assets of life insurance companies are helping cities throughout the United States to fight the battle against urban obsolescence and decay, as evidenced by these photos of recently constructed buildings built with life company funds. According to Institute of Life Insurance, the companies have put more than $10 billion to work improving business, residential and recreational facilities in American cities during the past 10 years. Besides Pittsburgh, Los Angeles and New York City, other cities to reap the benefits of funds invested by life insurance companies in the fight against urban decay are Philadelphia, where the $50 million Penn Center is being constructed; Hartford, where Constitution Plaza is getting a $35 million investment from life companies; Dallas, with a 42-story skyscraper and two other huge buildings; Denver, a new hotel and department store; Cleveland; Seattle; Buffalo; New Orleans; Atlanta; San Francisco and Montreal.



Uris Building (above), now under construction at 1290 Avenue of the Americas in New York City.

Gateway Center development (above) at the apex of Pittsburgh's Golden Triangle.



Washington Square Village apartment development (above) in New York and the Tishman Building (right) at 615 Wilshire Boulevard in Los Angeles.

U. Of Conn. Agents School To Focus Its Attention On Executives, Professionals

The annual Life Underwriting School, which will meet next summer at the University of Connecticut, July 24-28, will focus its attention on pensions and financial security for the executive and professional man.

Laurence J. Ackerman, who is dean of the university's school of business administration, pointed out that the one-week program is designed primarily for the producer with at least three years of experience in the life insurance field.

A five-member faculty will conduct a series of 50-minute classes on such topics as the economic background of pension and profit-sharing plans, designing the small pension plan, the tax aspects of the small pension plan, trust agreements, prospecting and selling small pension plans, servicing the small pension case, profit sharing plans and retirement plans for the professional man.

Evening seminars will give producers an opportunity to discuss problems affecting their production. These sessions will be moderated by the school faculty including Edward S. Churchill of E. S. Churchill & Associates, Hartford pension plan consultants; Solomon Huber, general agent of Mutual Benefit Life at New York; Donald P. Kent, director of the university's institute of gerontology and executive secretary of the Connecticut commission on services for the elderly; John H. Riege, partner in the Hartford law firm of Reid & Riege, and E. A. Starr, assistant agency vice-president of Connecticut Mutual Life.

IAHU Charges Bias In CBS Telecast On Medical Care Cover

The nationally televised program, The Business of Health, which purported to be an objective view of problems of financing health care, has been assailed by International Assn. of Health Underwriters as having had "all the earmarks of a grossly biased propaganda piece for the advocates of government-paid medical care."

In a letter to Frank Stanton, president of Columbia Broadcasting System, IAHU Chairman Oakley Baskin charged that the material and editing of the two-part series shown earlier this month were biased in favor of compulsory insurance. He enumerated seven examples of unfair reporting:

• Although there appeared numerous allegations of financial hardship as a result of medical bills and mistreatment by doctors and insurance plans, no testimony of benefits received from health insurance plans was presented. "While criticism bordering on slander was heaped upon the doctors, not one instance was cited of a doctor's treatment without charge, or service above and beyond the call of duty."

• The impression was given that Blue Cross and Blue Shield cover the majority of persons with health insurance. Little mention was made of insurance companies which protect almost a third again as many people as Blue Cross and Blue Shield.

Major Medical Ignored

• Although the operation of special medical programs of Kaiser Corp., Health Insurance Plan of New York and the United Mine Workers was pictured in detail, the fact that 18 million people are covered by major medical policies was ignored.

• Filmed interviews with doctors and Blue Cross officials were erroneously represented as being rebuttals to accusations. Since the interviews were not conducted under debate circumstances, the apparent lack of strong rebuttal to questions raised tended to discredit insurance and the medical profession.

• Health Insurance Foundation was quoted as saying the average insured family is covered for only 24% of its medical bills. No mention was made that "all medical bills" include minor illness, vaccinations, physical examinations, and routine drugs—items which do not lend themselves to the insurance principle.

• The program seemed to emphasize the need for comprehensive coverage of all types of medical care. Nevertheless, the only reference to cost was an excerpt of a speech by former Rep. Forand, who mentioned 25 cents a week per worker or as low as 12 cents per week for those earning less than $2,400 a year. The uninformed viewer might be misled into believing low cost would cover the complete medical care being discussed on the program.

• The weight of evidence indicated that only American Medical Assn. was opposed to medical care under the social security system, and, hence, that its members were "self-serving persons interested only in their own financial well-being."

Referring to the cost of medical care under social security, Mr. Baskin declared that any discussion of this "should include not only a fair estimate of the immediate cost, but an honest appraisal of the cost to future generations who must bear the burden."

Ind. Health Agents Hold Sales Congress At Indianapolis

Nearly 300 health agents took part in a health insurance sales congress last week in Indianapolis which kicked off the second annual Indiana Voluntary Health Insurance Week.

W. Harold Petersen, executive vice-president Underwriters National Assurance and president of the sponsoring Indiana Health Underwriters Assn., set the stage for the all-day conference by pointing out three recent developments which he said will affect the health insurance business:

Certain non-insurance elements which are "gimmicking up" the business with such items as credit card A&S coverage; the recent supposedly objective study of voluntary vs compulsory health insurance by one of the major television networks, and the continued whittling away by the federal government at voluntary health coverage.

Featured spaakers were F. Kenneth Stoakes, Loyal Protective Life general agent, Los Angeles, president of International Assn. of Health Underwriters; R. Earl Denman, Pacific Mutual Life, Cincinnati; Bill Gove, president Bill Gove Organization, Coral Gables, Fla.; and Jack E. Rawles, 2nd vice-president Lincoln National Life.

Mr. Stoakes stated that the greatest challenge to the American people today, as well as to the insurance business is "Can the free enterprise system be preserved and can we keep it going?"

In answer to the question, "Will there be a future for this business as we know it now?" he stressed that unless IAHU becomes the true "watch dog" for the business, and unless the association continues to grow in number and stature, chances are the business will not remain the same.

Tells Membership Value

He continued by giving a point-by-point breakdown of the values of membership in IAHU and brought out the theme of his talk, "What's Sizzling in the 60s for International."

Mr. Denman said personal insurance is hard to sell. It's hard to sell because people want to buy a state of mind, not a piece of paper. He covered with the audience what attributes a perfect hypothetical agent might have, and liberally sprinkled the subject with stories illustrating the points.

He listed the 12 attributes of a perfect salesman as: Must be in good mental and physical condition and must be able to see the people; speak distinctly when in prospect's presence; keep it simple, especially since we are in a highly technical business; must have the "image of success" in his sights; be observant; listen more and talk less; must disturb the prospect—knowledge alone won't sell; he stays on his own sales track; convince the prospect the agent is his true friend; must have proper regard for his job; join in civic endeavors—not for sales but because he becomes a better person as a result, a proper regard for his fellow man—that his problems are of primary importance.

Mr. Rawles, in outlining the expanding market for health insurance, predicted an industry-wide rate increase on first-dollar hospitalization policies, but no change in major medical deductible premiums. The best market for A&S sales in the future, he stated, "lies in the field of disability income in programing, sales to the middle-

(CONTINUED ON PAGE 13)

Mutual Benefit Writing Substandard Risks At Higher Ratings, Ages

Mutual Benefit Life has begun accepting substandard risks at higher ratings and at older ages than it has to date.

The company is offering coverage in cases involving extra risk which require a permanent extra premium of up to $25 per $1,000 of ordinary life insurance. Permanent extra rates are being offered in combination with special classes A, B, C and D.

Within these limits coverage is available at insurable ages 15 to 75. The former maximum age was 60.

Temporary extra premiums will continue to be offered up to $10 per $1,000 of ordinary coverage. These ratings may be combined with special class A, B, C and D premiums.

Limits for the special class coverage for issue ages 61 to 75 are $100,000, $90,000, $60,000 and $40,000 for classes A, B, C and D, respectively. Limits for combined ratings for risks in excess of the D classification depend on the character of the risk but may not exceed the class D maximum insurance limit.

BMA Increases Dividend

Directors of Business Men's Assurance have increased the semi-annual cash dividend 33.3%, from 15 cents to 20 cents a share, payable Feb. 28 to stock of record Feb. 24. The company has paid 15 cents semi-annually since 1959 following a 2½ for 1 stock split accompanied by a 25% increase in the dividend rate.

Reviews Underwriting Bugaboos Which Breed The Contestable Claims

Ninety-nine percent of claims are paid without fuss, according to Fred H. Kemp, senior claims adviser of Prudential at the Chicago regional home office, who spoke at the February meeting of Chicago Home Office Life Underwriters Assn. He reviewed from a claims standpoint some of the troublesome areas of risk selection that produced the 1% of contestable claims.

Mr. Kemp said he doubted that many companies regarded drunks and moral risks as being fit subjects for insurance, and he cautioned underwriters to be on guard for increasing amounts of risk and for binding receipt cases.

Average-sized claim payments have increased enormously with the advent of family policies, income riders, decreasing term additions, and triple accidental death benefits. "Please be on the alert for these possibilities, especially if inspections have been curtailed," he urged.

He reminded also that on binding receipt applications the company is on the risk from the date of application or of the medical, regardless of dating procedures. He suggested that these be processed fast enough to avoid liability and that rejections be communicated promptly.

COD Apps

On COD applications, underwriters must ascertain that the applicant's health and habits have not changed in the interim, records must be kept from the first premium collection, and policies must be delivered quickly. Underwriters must also be sure applicants have signed and returned any amendments, riders and changes, and when partial premiums are tendered during the course of underwriting, carefully worded temporary receipts must be available, he said.

Mr. Kemp also noted some of the old bugaboos which underwriters probably always will encounter: Knowledge of agent, overinsurance and twisting, and partial admissions.

The general rule, he said, is that if an insurer's agent acquires knowledge of an applicant's ill health, the presumption is conclusive upon the insurer unless it was not the agent's duty to disclose the information, or the agent was defrauding the insurer.

Consideration should also be given to the possibility of the applicant speculating, whether the amount sought is commensurate with finances, and whether there are legitimate reasons for changing insurers.

He cautioned against concealed generalizations. "Every claim man in the country can tell you that 'checkups,' 'X-rays,' and similar disguises breed fast and difficult losses," he declared.

Discussing the relative positions which the underwriter and claims man holds on a risk, Mr. Kemp said the underwriter has the voluntary choice of approving, denying or modifying the protection being sought and can base his reasons on fact, conjecture, whim or company policy. The claims man, however, does not enjoy the voluntary choice available to the underwriter, and his decision must be "evidentiary and substantially" based. "I think this distinction is sometimes not always appreciated," he declared.

Canada Life has reduced rates for Immediate Life Annuities and has introduced a new series of still lower rates for single premiums of $50,000 and over.

FORGING THE TOOLS OF SUCCESS . . . The job of the insurance agent is to sell his product and service it. It's that simple . . . and that complicated. To be a *successful* agent he must know his job well.

The Travelers was one of the first to recognize the important part education could play in developing successful agents. In 1903 the Company offered career training programs to its representatives—the first insurance company in America to do so.

Since then more than 30,000 agents have forged the tools of success through Travelers training programs.

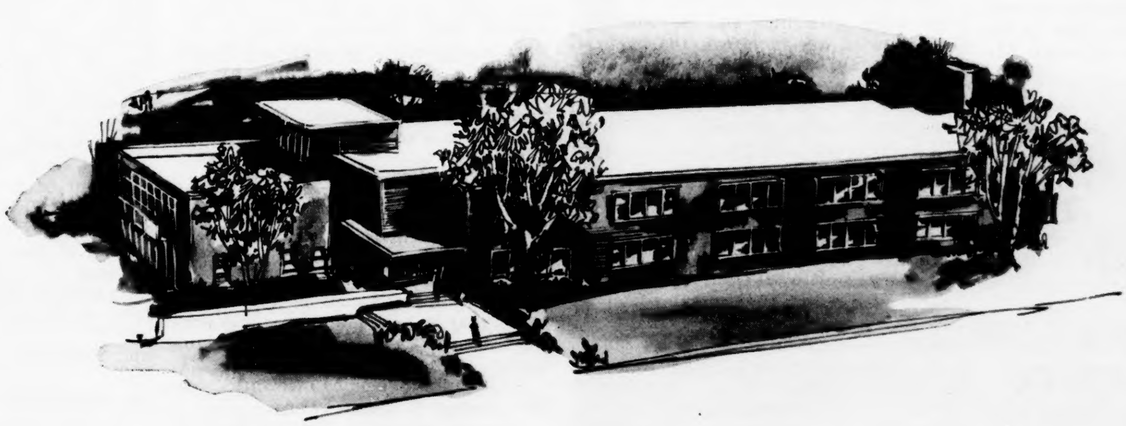
Today in a modern, functional, three-story Education Center, The Travelers continues to meet the training needs of its contract agents.

Outstanding instructors—men with successful field experience—conduct courses in Life, Accident and Health; Casualty, Fidelity, Surety, Fire & Marine; and Group. Classes are kept small so agents may receive maximum individual attention.

While attending the Education Center, salesmen from all over the country stay at Denniston Hall, ideal quarters for study, rest, and a beneficial exchange of ideas.

For more information about The Travelers training programs, that broaden agents' knowledge and lead to more successful careers, write The Travelers Office or General Agency nearest you.

THE TRAVELERS Insurance Companies HARTFORD 15, CONNECTICUT



AT GA CONFERENCE

H. B. Palmer Decries 'Waste Makers' In Life Insurance Ranks

There's no room in the life insurance business for the so-called "waste maker" philosophy, and where it is found it should be eliminated, said President H. Bruce Palmer of Mutual Benefit Life at the company's general agents' convention at Nassau, B.W.I.

Referring to the system of planned obsolescence decried by author Vance Packard, Mr. Palmer pointed out that by contrast with other products, life insurance is built for long duration, with an increase in real value inherent in it. However, Mr. Palmer condemned those in life insurance who indiscriminately used financed life insurance or replace existing policies to the insured's disadvantage.

Must Curb 'Waste Makers'

"We must eliminate those few 'waste makers' among us who sell temporary coverage that must eventually go down the drain or be replaced through new purchases," he declared. "In the years ahead, the life insurance agent and the home office and field management that directs him must again be rededicated to our long-range responsibilities of sound property accumulation and sound personal financial growth through permanent life insurance. All of us must defend our business against those few 'waste makers' whose actions only serve to artificially promote life insurance production."

Mr. Palmer predicted an even better sales environment for life insurance in the years ahead as the result of the broad-scale predisposition for savings and family protection on the part of the public. He emphasized that this would call for greater selectivity in recruiting new career agents and continued upgrading in the training process.

Warns Of Booby Trap

Charles G. Heitzeberg, vice-president in charge of agencies, said the job of sales management in life insurance has a booby trap of oversimplification, for while goals can be stated simply, their attainment is never simple. He emphasized that judgment, insight and understanding are more important in the recruiting process than charts and graphs and norms.

"We should know enough to make certain that we do not confuse the tools of our trade with our ability to use those tools," he said.

The progressively tougher competition for good manpower calls for progressively better field management, he said.

"To avoid the booby trap of oversimplification," he said, "we must feel that our prospective recruit is good human clay, that we like him and that he responds to us, that we want to work with him and he wants to work with us—in effect, that we can visualize our wearing well for a business lifetime together. Such a human approach, plus all the other steps in the selection process, gives us the caliber of recruit to sell a quality product to a quality market."

Awards for outstanding 1960 performances were presented as follows:

President's trophy, based on quality and amount of new business, success in recruiting and training new men and maintaining production among established agents—W. O. Catterton agency, Houston, a previous winner. Runners-up, Albert Drake, Kansas City, and Vern K. Miller, Columbus, O.

New organization award for recruiting and developing new men—W. N. Thurman agency, Atlanta. The Bishop agency, Honolulu, and Catterton, Houston, tied for second-place honors.

Stillman "duel" award, named for Chairman W. Paul Stillman and presented to the leading agency in three production categories for the quality of business produced during the annual sales campaign known as the duel—W. T. Earls, Cincinnati, R. B. Miller, Albany, and H. W. Dale, Jackson, Miss.

Duel volume award for largest volume sold in the contest—Earls agency, Cincinnati.

Duel quota awards for highest percentage over quota in their respective production categories—Earls agency, Cincinnati, F. A. Zachary, Wichita, and H. B. Hoffman, Billings, Mont.

This is the second time the Earls agency has won all three awards presented for outstanding success in the duel contest. The Earls agency also won the award for having the highest number of million dollar producers.

Award To Miller Agency

V. K. Miller, Columbus, O., received an award for having the largest number of million dollar producers of any agency of comparable size.

The Paul Guibord agency, Newark, repeated its last year's performance in winning the group volume award. Murrell Bros., Los Angeles, won the group cases award. General agents winning "group millionaire" recognition were E. C. Dunn, Nashville, T. M. Lemly, Memphis, S. W. Sizer, Chattanooga, and B. L. Pribble, Sioux Falls, S.D.

The Jones award for quality business went to L. B. MacEwen, Manchester, N.H., runner-up being G. F. Dittmer, Toledo. The mathematician's award for quality was shared by the B. L. Pribble agency, Sioux Falls, S.D., and L. B. MacEwen, Manchester. Runner-up was R. B. Miller, Albany.

Rosenbaum Wins Again

The brokerage award for outstanding work in brokerage manpower and production went for the third time to the E. L. Rosenbaum agency, New York. The new brokerage award for the most improvement over the previous year in both manpower and production was won by the Catterton agency, Houston.

The Guibord agency, Newark, won the Agency Bulletin award.

General agents qualifying for the Mutual Benefit Million Club by personally writing a million or more of life insurance in the Mutual Benefit in 1960 are E. G. Brenno, Honolulu, A. C. Hansch, Dallas, R. E. Olmstead, Providence, K. R. Bentley, Danville, Ill., J. W. Brown, Louisville, W. O. Catterton, Houston, C. L. Doane, Omaha, and Maurice Goldstein, Charleston, S.C.

GA Association Elects

Mr. Rosenbaum was elected president of the general agents association. Other officers are W. N. Thurman, Atlanta, vice-president, and Paul L. Guibord, Newark, secretary-treasurer. Mr. Guibord, H. Preston Smith, Denver, and G. F. Dittmer, Toledo, were elected directors of the association.

Study Finds Insured Key-Men Averaging $26,000 Annual Pay

A Massachusetts Mutual survey of newly issued policies on key-men showed they had incomes ranging from $5,000 to more than $100,000, the average in the one-month study covering 100 cases being $26,000. The largest concentration of key-man incomes was in the $20,000-plus bracket.

Amounts carried by corporations on their key-men ranged from $4,000 to $1 million, the average being $82,000. The typical key-man is a vice-president, sales manager, treasurer or other senior officer, not necessarily president. The biggest buyers of key-man insurance were found to be medium sized companies with assets under $10 million and sales between $100,000 and several million dollars annually.

In some sales reported recently, companies have insured their executives for a year's profits. Another rule of thumb is five times the executive's annual salary.

Improved Insurer-Agent Relations Seen By Cal. Agents' Executive V-P

An improvement in the relations between agents and home offices is being noted in California and in the nation. This optimistic note, following more than a year of challenging group insurance trends, was sounded by Donald C. Burns, executive vice-president of California Assn. of Life Underwriters, when he addressed San Jose agents and a joint meeting of the San Fernando Valley and Glendale-Burbank associations.

"It was just one year ago", he said, "when the Cal-Vet mortgage life insurance program flagrantly and without basis in law extended individual coverage beyond mortgage indebtedness, bringing group abuses in California into sharp focus. This, following the teamsters direct writing case, made life underwriters in California keenly aware of seeming company disregard for the agency system."

Have Expressed Concern

In this past year, agents have been expressing their concern over "such abusive practices sweeping the country," he declared. "Today we believe that the trends are, if not completely swinging back to the agency system, at least are indicating a willingness by company officers to discuss the agent's viewpoint. We are pleased to report that a new avenue for direct and continuous communications between companies and your association leaders has just been opened. This, we optimistically believe, will provide a complete exchange of viewpoints within the industry which cannot help but bring about a betterment of relations. We believe we have found a sincere willingness on the part of home office officials to listen to the voice of the individual producer.

"Perhaps, if this sincerity stands the proving of time and action, the life insurance industry will again devote its full energies to the service of the life insurance buying public through the proven agency marketing system. Such a course cannot fail to be in the best interests of the industry as well as the people we serve," Mr. Burns said.

Jefferson Standard Life Awards President's Trophy

The Andrews agency at Greensboro, N.C., has been judged the winner of Jefferson Standard Life's president's trophy for the best all-round agency performance in 1960. This is the first time the award has been made.

Howard Holderness, president, awarded the trophy at a luncheon honoring W. H. Andrews Jr., manager of the winning agency, and members of his staff. Mr. Andrews is past president of NALU and of American Society of CLU.

The agency paid for more than $12 million of new business last year, an increase of 11.8%. During the year, the agency's persistency rate increased from 93.8% to 94.5%.

Ind. Health Agents Hold Sales Congress At Indianapolis

(CONTINUED FROM PAGE 9)

income market, and business insurance.

He touched on several ideas to be used in the integrating of life and health insurance in the complete programing job. "We must get to the middle-income prospect," he warned. "If we don't, the government will." There is an optimistic outlook in this market because of the movement of the non-buying "blue collar" workers into the "white collar" class brought about by automation.

The new social security regulations concerning disability income will be as much of a booster to health insurance sales as the original social security was to the life business, he said. To illustrate the importance of the business insurance market, he said almost 50% of his company's A&S applications were key man disability sales, and the need for partnership health coverage is becoming a more widely recognized need than ever before.

Mr. Gove built his talk around a survey conducted by Minneapolis-Honeywell attempting to establish the most successful sales sentences that could be found. He said the most powerful sentences that can be used to lead to a close (and with adaptations as usable in selling insurance as anything else) are:

—"I have a gift for you."
—"What do you think?"
—"Don't worry; I'll handle the details."
—"Others did this; they told us so."
—"I'd like to suggest."
—"After you buy. . . ."

Armed with these basic ideas, Mr. Gove contended, fear is virtually eliminated, because preparedness is the antidote of fear.

An added attraction at the meeting was an informal discussion by Commissioner Harry E. McClain.

Weymouth Fogelberg, Indianapolis Life, Indianapolis, was general chairman.

Lincoln National Stock Dividend, Split Approved

Approval of a resolution providing for an increase in capital and an increase in the number of shares of stock of Lincoln National Life was given by stockholders at the annual meeting last week. Announcement of the proposal was made last December. Stock of Lincoln National will be split two for one and a dividend of 25% will be paid. The company will transfer $5 million from surplus, thereby increasing capital from $20 million to $25 million consisting of five million shares of $5 par. The stock dividend and the split will be made April 1, to stock of record March 1.

Guardian Life Has New Publication

NEW YORK—Guardian Life has brought out a new publication, "The Guardian," to be distributed to the field force and home office employes. It will be published twice monthly.

Until now, communications to the field and home office personnel were handled in separate monthly publications. The field publication had been published continuously for nearly half a century. The company's rapid growth and the increasing complexity of company operations were factors in adopting a more effective means of disseminating information promptly to all Guardian personnel.

Labor Leaders Protest Rate Hike Requests By Mich. Blue Cross-Shield

LANSING—Labor leaders, at hearing conducted by Commissioner Blackford last week, vociferously attacked proposals for increasing Michigan Blue Cross-Blue Shield rates. Michigan Hospital Service (Blue Cross) is asking for a 22% increase, and Michigan Medical Service (Blue Shield) wants a rate hike of 13.5%.

Paul Silver, president of a Detroit local of United Automobile Workers, questioned the Blue Shield claim that 72% of Wayne County (Detroit) doctors and 85% of doctors statewide participate in the broadest of Blue Shield plans. He noted that osteopaths were not included and said that the Blue Shield figures were too high. He further assailed the series of educational meetings conducted by the services throughout the state as being a "traveling seminar trying to influence people."

Calls Methods 'Slipshod'

Hospitals were charged by Joseph Van Dyke, head of the Kent County (Grand Rapids) AFL-CIO council, with slipshod administrative methods which have contributed to increased health care costs. He criticized doctors for refusing to make house calls, thus forcing patients into hospitals.

William S. McNary, executive vice-president of Blue Cross, called most of the complaints aired at the hearings irresponsible. He said the criticism that there has been overuse of hospitals under the plan was unjustified by the facts. Furthermore, there is no mystery about Blue Cross operations, he said, and the books and operating methods are always open to public inspection. As for alleged profit-making by hospitals, more than half of the institutions in the plans are operated either by governmental bodies or by Catholic nursing orders, while the remainder are run by non-salaried citizen boards, he noted.

Commissioner Blackford, who indicated he would make a decision on the rate requests within 10 days, emphasized the broad scope of the plans, which enroll some 3.5 million Michigan residents. He said he could not permit Blue Cross-Blue Shield to go broke, since it would take more than two years for any other health care organization to assume similar proportions. He predicted that his decision, whatever it might be, would not be popular.

ALC Regional Meetings Scheduled For March, April

American Life Convention has set the dates and locations for its four annual regional meetings: March 20-21, Read House, Chattanooga; March 23-24, Sheraton-Dallas Hotel, Dallas; April 10-11, Drake Hotel, Chicago, and April 13-14 Ambassador Hotel, Los Angeles.

Purpose of the meetings, which began in 1945, is to provide a forum for local discussion of matters of interest to the ALC member companies and the life insurance business in general. There are no formal speeches and no record of the informal discussions is made. The insurance and other press is excluded.

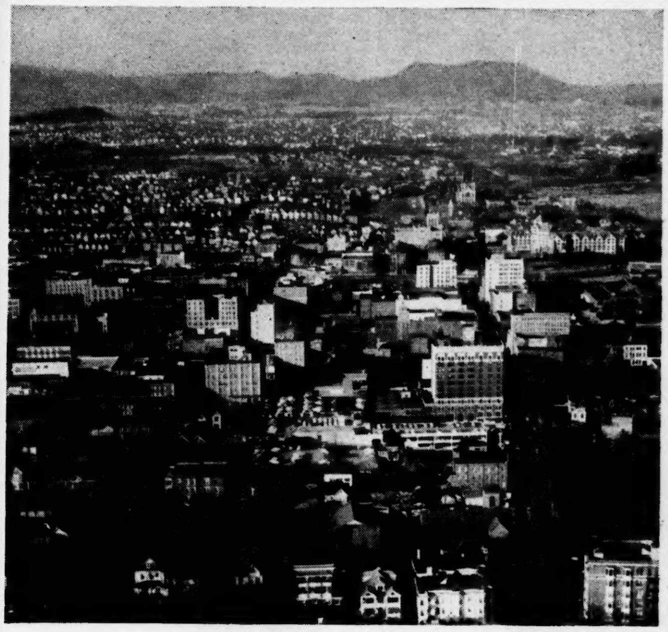
Otto Haakenstad, president Western States Life and of the ALC, will preside at each of the meetings. Convention staff members will be on hand at all meetings to answer questions and assist generally.

The meetings will include a special session for financial officers on the afternoon of the second day to discuss investments in the current market. In charge of these gatherings will be: Chattanooga—DeLong H. Monahan, financial vice-president Provident Mutual Life; Dallas—Franklin O. Briese, vice-president Minnesota Mutual Life; Chicago and Los Angeles—Carleton G. Lane, president Union Mutual Life.

Arrangements chairmen are Dudley Porter, vice-president and general counsel Provident L.&A., at Chattanooga; Travis T. Wallace, president Great American Reserve, at Dallas; Horace W. Brower, president Occidental Life, at Los Angeles. The Chicago gathering is handled from ALC headquarters under the direction of Howard C. Reeder, president Continental Assurance.

Mass Mutual Lives Leader Named

Charles A. Norris of Massachusetts Mutual's Haley agency at Greensboro, N.C., has been named company leader in number of lives insured during 1960. Mr. Norris wrote 241 lives, thus becoming lives leader for the third consecutive year.



Newspaper Survey Pinpoints Insurance Purchasing Patterns

Who are the best customers for insurance?

To dig out the answer to this question, the Chicago Tribune conducted a study of purchase patterns among almost 3,000 metropolitan Chicago households and found:

Families headed by adults between 35 and 54 years of age are better life insurance customers than households headed by younger or older persons. The 35-54 age group, which represents 49.5% of the households in the Chicago market, accounted for 54% of life insurance purchasers.

Families headed by adults over 55 years of age (which account for 28% of the total households in the market) represented 10.1% of life buyers.

The 18-35 year bracket (representing 22.5% of the market) accounted for 35.8% of life insurance purchased.

As might be expected, family income is a dominant factor in distinguishing between buyers and non-buyers of insurance. The study indicated that 29.9% of households with annual incomes of $8,000 or more, accounted for 37.7% of life insurance buying.

Families with incomes in the $5,000-$8,000 range (34.4% of the total market) accounted for 43.1% of the life insurance buying households.

Suburban families appear to be slightly better insurance customers than those residing within the limits of the city. Suburban households (representing 40% of the total households in the Chicago metropolitan area) represented 45.6% of those buying life.

N. Y. Advised Against Extending Disability Law To Major Medical

A committee appointed by Gov. Rockefeller to study the possibility of compulsory major medical in New York state has recommended that such a step would be unwise. However, the survey group, headed by Roswell B. Perkins, former counsel to the governor, did report that a properly drawn law to accomplish this would be technically feasible.

Gov. Rockefeller asked the group to study the practicability of extending the present non-occupational disability benefits law to include major medical for all wage earners. The committee said that to do so now would put New York industry in an unfavorable competitive position with industry in other states that did not have similar coverage.

The committee found that about half of catastrophic expenses are for hospital care and nearly 90% of workers covered by the disability benefits law have some hospitalization insurance. From 17 to 21% of costs are represented by surgical expense, against which 83% of covered workers have some insurance. The study also found that 31% of the work force, including employes of concerns with one employe, farm workers, self-employed and a substantial number of unemployed are not covered by the disability law.

Protection against high medical costs would be incomplete without coverage of dependents. To include dependents in coverage might cause employers to discriminate against persons with dependents in their hiring.

Peoples-Home Life Has Special Family Plan Rider

A special family plan rider which insures wife and children and automatically adds insurance on all future children at no additional cost has been announced by Peoples-Home Life of Indiana.

The new rider can be added to all existing as well as to new term, whole life, and endowment policies. It pays up insurance on a wife in the event of her husband's death and pays up children's insurance upon the wife's death.

A special low-cost Stork Option is a feature which provides automatic term insurance on the husband's life for 90 days from birth of all future children. This insurance can be converted to any form of permanent insurance at the end of a 90-day period without evidence of insurability. Monthly income payments to the client for balance of income period (maximum of 25 years) in case of a wife's death is provided in an Extra Income Clause. The plan also includes special conversion features for children and wife without evidence of insurability.

Leaders Of Aetna Life To Meet During June And July

Four regional meetings of Aetna Life's Corps of Regionnaires, the leading producers' organization, will be held during June and July.

New England and New York regionnaires will meet at Mountain View House, Whitefield, N.H., June 14-17, and western members will meet at the Empress in Victoria, B.C., June 26-29.

Regionnaires from other parts of the country will meet at the Greenbrier, White Sulphur Springs, W. Va., in two sessions, July 5-8 and July 16-19.

Health Insurance Terms Unit Defines Accident, Sickness

Two new definitions were adopted by Committee on Health Insurance Terminology at a meeting in New York.

Accident insurance was defined as, "A form of health insurance against loss by accidental bodily injury," and sickness insurance was defined as "A form of health insurance against loss by illness or disease."

It was also decided that a footnote should be appended to the definition of sickness insurance to point out that illness and disease should not be construed to include accidental bodily injury but that they do include pregnancy.

Both of the new definitions relate to the committee's previous definition of health insurance, "Insurance against loss by sickness or accidental bodily injury," thus establishing the term as the generic for the field, superseding "accident and health," "accident and sickness," and variations, previously used.

Adopted By Over 100 Companies

E. J. Faulkner, president of Woodmen Accident & Life, chairman of the committee, reported at the meeting that over 100 companies including many of the largest, have agreed to change over their usage and adopt "health insurance" as the generic term.

In addition, International Assn. of A&H Underwriters, at its last annual meeting, changed the name officially to the International Assn. of Health Underwriters to conform to the new term, and LUTC has decided to change to the term as rapidly as it reprints its text material.

The committee further decided that health insurance as a field breaks down into two broad divisions of benefits—"disability income" and "medical-expense" coverage; and it voted to call the two divisions by those names.

Most of the meeting was devoted to refining the details of a classification system worked out at the committee's previous meeting in July. Under the system, the dimensions of health insurance are recognized to be "perils," "contractual arrangement," "types of loss," "basis of payment," "types of benefit," "kinds of insurer," "continuation provisions," "group contracts" and "methods of merchandising."

Leading Agencies Named By Connecticut General

Connecticut General has named the winners of its outstanding agency awards for 1960, which are:

The Cleveland brokerage agency, under Mervyn F. Perry, manager, for placing in force 29% more individual life insurance and 36% more health insurance.

The Evanston branch office, Joseph C. Ladd, manager, for increasing individual life sales 36% and group sales 260%.

The Hartford branch office, Carl T. Furniss, manager, for placing in force more than $26.6 million of individual life insurance.

The Kansas City brokerage agency, Phillip E. Goodman, manager, for more than doubling individual life, health and group sales.

The Long Island branch office, Charles A. Holman, manager, for placing in force more than $6.7 million of individual life and increasing group sales 103%.

The Portland branch office, Donald E. Abood, manager, for placing more than $4 million of individual life insurance and increasing group sales 38%.

Walter F. Renk of Sun Prairie, Wis., has been elected to the boards of Farmers Mutual Automobile and American Family Life, a wholly-owned subsidiary of Farmers Mutual, Madison, Wis., to replace the late August J. Rammer. Mr. Renk is president of an agricultural enterprise which includes beef cattle, agricultural seed, general farming and other divisions.

Klein Agency Receives Top K.C. Life Award

The agency builder award of Kansas City Life was presented to Hugh A. Klein, Chicago, at a dinner there. President W. E. Bixby made the presentation.

The competition is based upon agency finances, company cooperation, territory, age, recruiting, supervision, training and community service. The Allen agency of Denver and Eby agency of Wichita received honorable mention.

Ohio National Life To Enter Health Field

Ohio National Life on July 1 will enter the health insurance field. In discussing this move, President M. R. Dodson, in his report to the board, stated: "Those coverages which are not only compatible with, but which we firmly believe are beneficial to, our life insurance operation will be available" These coverages included individual, non-cancellable income replacement A&S benefits, as well as major medical.

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Changes In The Field

John Hancock

The Black & Dowd agency at New York, whose principals are Crawford A. Black, president, and Robert V. Dowd, executive vice-president, has been appointed general agent. Mr. Black is also president of C. R. Black Jr. Corp., insurance brokers. Mr. Dowd started his life insurance career with John Hancock at Buffalo, where he was later named brokerage manager

Crawford A. Black

Mordecai Gerson

Robert V. Dowd

and, most recently, was assistant general agent of the Erickson agency.

Robert E. Gladden, general agent at Grand Rapids, and Mordecai Gerson, supervisor of the Adams agency at Philadelphia, have been appointed general agents at Philadelphia. Mr. Gladden succeeds Albert C. Adams, who has retired after 35 years with the company. Mr. Gladden is a past

writers Assn. and Grand Rapids General Agents & Managers Assn. Mr. Gerson is a member of the Million Dollar Round Table.

Frank E. Clegg

Robert E. Gladden

Frank E. Clegg, supervisor at Columbus, O., has been named Mr. Gladden's successor.

Mutual Of New York

Neal D. Brubaker, manager at Detroit, has been transferred to Dayton, O.

Bernard V. Cole, training assistant at the home office, has been named to succeed Mr. Brubaker. He has been assistant manager at Detroit.

Rollin D. Koester, training assistant at the home office, has been appointed manager at Flint, Mich. He has been assistant manager at Toldeo.

Constitution Life

Two general agents have been named: Robert E. Foxe at San Francisco and Chris Williams at San Jose.

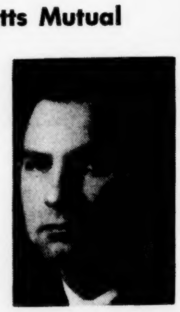
California-Western States

Richard Biles, manager group sales at Los Angeles, has been named regional manager to succeed L. B. Van

assistant group manager there, replaces Mr. Biles as manager.

Massachusetts Mutual

Allan E. Kaplan, district manager at Jamaica, N.Y., has been appointed general agent at East Orange, N.J., to succeed John E. Gregory, who will devote himself to personal production. Mr. Kaplan is a founder and trustee of the Long Island CLU chapter.



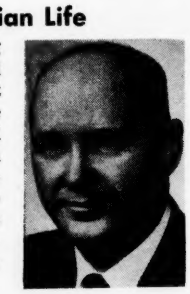
Allan E. Kaplan

Northwestern National

Walter J. Charlesworth has been appointed manager at Lincoln, Neb. He has been training and supervising new agents at the company's midwest division.

Guardian Life

Melvin J. Berg has been appointed general agent at Fargo, N.D., where he was general agent for Western Life. He is vice-president of Fargo Life Underwriters Assn. and a director of Red River A&H Assn.



Melvin J. Berg

Mutual Benefit Life

Mark C. Hammett has been appointed district group manager at Memphis. He was formerly group consultant for Life & Casualty at Nashville and before that was group representative at Chicago and Nashville

New England Life

Don W. Parker

Don W. Pa[rker], sales director [at] Sacramento, [has] been named m[an]ager there, s[uc]ceeding J. Ke[ith] Williams, gen[eral] agent, who [has] been appoin[ted] agency manage[ment] consultant [at] the home office.

Jefferson National Life

Samuel Edlin and Daniel Lund[...] have been appointed general agents [at] New Albany, Ind., and Miami, Fla., re[spectively].

Manhattan Life

William J. Hammond has been appointed general agent at Corpus Christi, Tex. He has been general agent there for Gibraltar Life, Southern Union Life and Colonial American Life.

William J. Hammond

Connecticut General

James D. VanderWaal, director of brokerage services at the Philadelphia branch office, has been appointed manager of a new brokerage agency there. He has been district group manager at Charlotte, N. C.

Occidental Of California

Edmund J. Krawczyk has been appointed general agent at Colorado Springs, succeeding Maurice Mitchell who has been transferred to a similar post at San Francisco. Mr. Krawczyk

Home Office Changes

New England Life

J. Keith Williams

J. Keith Williams, general agent at Sacramento, has been appointed to the new position of agency management consultant. He is vice-president of Sacramento General Agents & Managers Assn.

Million Dollar Round Table and was secretary-treasurer of the Lawrence (Kan.) Life Underwriters Assn. •

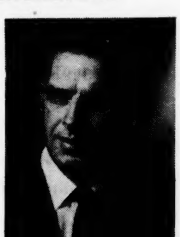
Equitable Society

Robert Brownell, management training consultant, has been appointed supervisor of the management training program, to replace Don Gorsline, who has been named senior consultant with LIAMA. Mr. Brownell is a CLU.

Paul M. King, cashier at San Diego, has been appointed assistant manager in the cashier's department. He also is a CLU.

Dr. Manual Rodstein has been named associate medical director. He was formerly in that position on a part-time basis.

Republic National Life



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He joined the company in 1958 as agencies superintendent in the general agency division. In 1959, he became assistant

Aetna Life

George B. Krause, field supervisor in the mortgage loan department, has been appointed assistant regional manager in that department.

Franklin Life

Arthur C. Cragoe has been named associate actuary. He has been with the actuarial department of Equitable of Iowa since 1950.

Nationwide Life

Richard K. Wendt has been named assistant actuary. He has been in the actuarial department since 1954.

Country Life

Dr. Martin A. Compton has been named associate medical director. He has been assistant medical director of State Mutual Life since 1958.

Washington National

Theo Heckel, vice-president in charge of group and a 36-year veteran of the company, has been elected to the board.

All American L&C.

James J. Mertz has been named vice-president. He joined the company a year ago, having previously been vice-president and comptroller of Continental Assurance.

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Pilot Life


Nathaniel W. Polak

Nathaniel W. Polak, a member of the management development program, has been appointed general agent at Tallahassee, where he was formerly with Protective Life of Alabama.

Bankers National Life

Gary L. Blevins, general agent [at] Columbia, Mo., has been appointe[d] regional director of agencies there, [to] succeed Thomas Downs, who has bee[n] transferred to the home office.

Lincoln National

An item in the January 28 issu[e] reported that Lincoln National Li[fe] had made a change in general agen[t] at Scottsbluff, Neb. This was in erro[r]. Ivan F. Childs was and is gener[al] agent for the company there.

Life & Casualty

C. E. Lee, regional sales director f[or] the Mississippi valley division, wit[h] headquarters at Memphis, has bee[n] promoted to district manager at Jack[]son, Miss.

Occidental Of Raleigh

Alton Hawk has been named man[]ager at Minden, La.

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Zurich Life

Arthur E. Benedetto has been appointed superintendent of underwriting. He has been with Illinois Mid-Continent Life, where he was in charge of policyholders service, policy issuance and underwriting. He has also been a claims adjuster of Travelers.

Prudential

Henry G. Wellins, division manager at Hartford, has been appointed ordinary agencies training consultant at the regional home office in Boston. He is a CLU.

Midland Mutual Life

William H. Ellis Jr. has been named director of agency development and G. Carbon Wolfe as EDP specialist. Mr. Ellis joined Midland Mutual in 1956 as assistant director of agencies and Mr. Wolfe has been with the company since 1949.

Travelers

John J. Budds, assistant auditor, has been appointed an assistant secretary in the group department.

Bankers National Life

Thomas Downs, regional director of agencies at Columbia, Mo., has been transferred to the home office in the same capacity. He is a member of Million Dollar Round Table and was secretary-treasurer of the Lawrence (Kan.) Life Underwriters Assn. •

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Replacement Problem Gets Thorough Going Over At Saratoga Meet

(CONTINUED FROM PAGE 1)

in 1959 got some recommendations from a man who called himself an estate planner, but who "apparently

B. T. Newton Jr.

J. Harry Wood

had no pride of authorship" since his name appeared nowhere on his recommendations.

Financed insurance was being proposed in this case, with the existing Northwestern Mutual coverage being placed on the paid-up basis. Yet if the policyholder had wanted to use the financed insurance principle, he could have borrowed against his existing insurance instead of buying new, Mr. Baird pointed out.

After outlining a number of other cases, Mr. Baird emphasized that they were by no means unusual. He said the need for solutions is a challenge to the agent, to field management, to the home office losing the policy, to the policyholder suffering loss, to the state insurance department and to the prosecuting authorities.

November Discusses Mathematics

The mathematics of replacement was discussed by William J. November, vice-president and actuary of Equitable Society, who got quite a laugh for his introductory comment that he didn't want to be like the actuary who was so dull that even other actuaries noticed it.

Mr. November said that as far as the mathematics is concerned, the replacement of an old policy by a new one is an expensive procedure to the policyholder no matter when it occurs.

"If the policyholder nevertheless finds it advisable to make the replacement, it will have to be for reasons other than the mathematics of the insurance system," he said. "An inevitable loss arises because of the duplication of the expenses of acquiring a policy to which the policyholder exposes himself when he goes through the process twice and still has only one policy."

Blurred But Still There

This double acquisition cost is very evident when the switch is in the same company, though the picture becomes a bit blurred when the buyer goes from one company to another. A shift from a high-cost company to a low-cost company may make the new policy look better, but the essential situation is still the same, said Mr. November.

Like Mr. Baird, Mr. November stressed the point that the insured who is thinking of surrendering a policy to buy financed insurance can do better by borrowing against his present insurance.

"Interest will be required on the loan, but after taking account of its tax deductibility, the resulting net outlay for the initial amount at risk will very generally favor this procedure as against taking out a new policy," he said. "We have found this to be true even when comparison is made with a new policy of our own on the current favorable premium basis for policies in the $10,000-and-over class.

Self-Insures At Older Ages

"Another line of argument built into these replacement programs is that the funds accumulated through the investment of the cash values and 'emancipated' premiums make the continuance of insurance unnecessary at the high ages. It is anticipated that these funds will be sufficient to protect the policyholder's family in case of death. Maybe so. But maybe not. If the policyholder falls for this, he should realize that he has become his own insurer for those later years. He has given up the certainty of protecting his family through a life insurance policy for the uncertainty of the market. May he keep his peace of mind as the years progress!

If the policyholder believes he will be better off with the financed insurance arrangement, it is possible to show him that it is not necessary for him to surrender and a good way of doing this is to make cost comparisons between existing and proposed insurance with the policy loan costs omitted, since they are not unique to the replacing policy. By simplifying the presentation in that way, Equitable has been able to bring out more effectively the fact that the cost of the insurance is lower in the original policy than in the new one, said Mr. November.

'Actually An Illusion'

"A second point that can be brought out," he said, "has to do with the tax deductibility of the interest paid on the accumulating loan to pay premiums. This is usually a feature of these presentations, but in a replacement situation the supposed tax deductibility of the loan interest is actually an illusion, since the cash value of the surrendered policy is at the same time producing income that offsets the loan interest when the policyholder figures up his taxable income. It is a cruel illusion, because the policyholder has lost the benefit of the favorable tax treatment accorded by Congress to the interest accumulations in life insurance policies."

The heavily increasing lapse and surrender rates in recent years, which can only be attributed to increasing replacements, were discussed by J. Harry Wood, president of Home Life of New York and until recently managing director of LIAMA. For some years it has been known that figures on unemployment and personal savings are extremely accurate predictors of lapse and surrender rates. The close correlation, beginning with 1953, has been getting less close, LIAMA statisticians have observed.

Was 19.8% vs 15.5%

Specifically, the unemployment and personal savings data, if the pre-1953 correlation had held good, would have called for a lapse rate in 1959 of 15½%. The actual rate was 19.8%. This means that in 1958, the number of policies lapsing during the first two years following sale was 20% more than it should have been on the basis of this long-proven relationship.

In the same way, policies surrendered after being in force for two years or more were 2.2% for each of the years 1950-53. In 1959 the rate had grown to 3.7%, a 68% increase. This means that some $5 billion more ordinary insurance in force two years or more went off the books during 1960 than would have gone off had the old 2.2% figure continued in effect.

It's obvious, said Mr. Wood, that some new factor, other than economic conditions, came upon the scene in 1953-54 and has been operating, perhaps increasingly, ever since. If this "something new" was replacement, it would be logical to expect that the termination rate of policies with value would be affected more than the lapse rate of policies without value—and that is what has happened.

Quotes Home V-P

Looking beyond question of whether in an individual case it may or may not be to the policyholder's interest to replace existing insurance, Mr. Wood quoted Home Life's vice-president for sales, John H. Evans, as follows:

"During my first year as a manager, I received a complaint from a chap who said that one of my men was attempting to replace a policy which had been in force either six months or a year by a Preferred whole life policy of the Home Life.

"I got together with my field underwriter and he admitted he was trying to replace the policy, but he had prepared figures that showed the loss which this man might suffer immediately would be more than made up over a fairly short period by the lower premium and better net cost of our Preferred policy.

"Frankly, I also was fairly well sold that from the viewpoint of dollars and cents this man might be better off to drop his present policy and take ours, and I called this other field underwriter and arranged to go down to talk to him about it. He was a man who had been in the business a good many years and he proceeded to give me a Dutch-uncle talk regarding the situation.

Agreed On Cost Aspect

"He agreed completely with me that as far as the figures were concerned, this man could drop his present policy and buy ours and come out ahead, but he went on to say that that was not the big problem. The big problem was that we had unsettled this man's mind about the perfectly good policy that he had, and he now had the idea that life insurance policies in some com-

panies were better than others and that perhaps from this point on, instead of buying a policy and sticking with it, he might be forever shopping to see how he could do better.

"As this other field underwriter pointed out, a year from now someone from some other company might come along with another illustration and show that if the man dropped our policy and bought this new one he could once again come out ahead. He pointed out that not only would a client who continued to do this eventually wind up in trouble, but also what chaos would result in our business if the life insurance buying public generally became convinced that they should drop existing insurance whenever it seemed that a new plan might save them a few dollars.

Was Completely Convinced

"He convinced me completely, and for the years that I managed our agency we never had another situation of this type. I sold my men that a client just couldn't replace an existing policy with a new one in our agency regardless of figures which might indicate otherwise.

"About five years ago, we had a complaint from a field underwriter that one of our men was twisting an existing policy. Frankly, I was surprised to hear about it, because not only are we as a company singularly free from such complaints but I knew that the field underwriter and manager involved were good life insurance men and completely ethical. I called this manager to get the details on the case. He told me that figures had all been worked out showing that in this particular instance the policy-owner would profit by dropping the other policy and buying ours.

"As a matter of fact, he sent me a whole lot of figures that seemed to bear this out. I proceeded to give this manager the same Dutch-uncle talk that had been given me several years earlier, and pointed out what chaos there would be in his city if every field underwriter up there had taken the same tack as our man did in this instance.

Entirely New Approach

"This seemed to be an entirely new approach as far as he was concerned. He told me frankly that he had never looked at it in that way. He said that he felt that any time figures proved that a man could drop one policy and buy another and come out ahead he should do it. I know that I made a convert, and I am quite sure that neither that field underwriter nor that manager will ever be involved in such a case again.

"You and I know that it is fairly easy to present a proposal that would seem to indicate that dropping a present policy and buying a new one makes sense. Most of the time an incomplete comparison is shown, but even if it is fairly complete it's not hard to get a policy-owner enthused about latching on to a bundle of cash and then starting out anew. It seems to me that the life insurance companies and the managers of life insurance companies must inaugurate programs that will once more stress the sanctity of the life insurance policies that a man owns, and sell the idea that the field underwriter sold to me and the one that I sold to our field underwriter.

Ethical Can Be Converted

"Undoubtedly, there are a great many professional twisters in our business. There always have been and I don't think anybody is going to be able to convert them. But there are also at the same time good, honest, ethical life insurance men who believe that the interests of their clients come first and that any time the client can be shown a better proposition, he should be presented with it, even though it means the termination of present life insurance policies.

"I believe that they could be sold on the over-all harm that is done to policy-owners as a group and to life underwriters as a group and that their thinking would be changed just as mine was years ago."

Comparisons Can Change

Mr. Wood added that net cost comparisons can change from time to time between companies; furthermore, they often depend on such factors as the number of years used, the use of an annuity option at retirement, etc.

"In other words, many of the figures used on a certain day will not be accurate tomorrow," he said. "The policyholder doesn't realize this, but the salesman should. Furthermore, that the comparison not only is incomplete but often cannot be made complete unless numerous assumptions are made is a fact completely unknown to the policyholder, but is well known and understood by both the replacing agent and the company."

Mr. Wood offered these suggestions:

1. Treat all policyholders fairly, the old as well as the new. To the extent that it's administratively feasible, give policyholders the option of adding "improvements" to their old policies

2. Treat other companies and their agents fairly. The question as to replacement should be on the front page of the application, so the statement will be signed by the applicant. The company about to lose the business should be notified.

3. Treat the public fairly. This would mean paying no commissions on business replaced in the same company. This step requires courage, because there is some evidence that it would drive business underground to other companies.

Treat Field Fairly

4. Treat your own field force fairly. Fight for your agent's business, "even to the point of raising hell with the other company, agent and manager on specific cases." Put a letter in all premium notices, or at least send it to every policyholder who is making a loan, lapsing or terminating. Mr. Wood suggested a form of letter pointing out the possibilities of loss in a switch and urging the policyholder to demand a signed statement from the replacing agent.

5. Treat the industry fairly. "If one of our own agents is being hurt and if one of our own policyholders is being hurt, why should we hesitate to file charges with the insurance commissioner against the culprit, even though he is an agent in your agency or in your company?

'Renew Your Faith'

Mr. Wood closed with an exhortation to "renew your faith in permanent life insurance each and every day. This statement is not a sign of weakness, because faith is not something permanent if nothing is done to shore it up when the storms are constantly going on around it."

Discussing the legal remedies available against unwarranted replacements, Carlyle M. Dunaway, general counsel of NALU, made these suggestions:

1. Continue to intensify efforts to get the insurance departments to do a better enforcement job.

2. Work for laws or regulation, which a few states already have, requiring that all proposals be in writing and be left with the prospective buyer.

3. Local associations can do much to ride herd on the replacement problem by intensifying their efforts to discipline members, even though they can't police all agents.

Develop Educational Program

4. Develop some sort of educational program beamed to all policyholders. One association uses a card explaining that it is usually unwise to surrender a policy and replace it.

5. Managers and general agents, along with the home offices, have a greater potential for acting on the replacement problem.

The problem is not easy, said Mr. Dunaway. It requires conscientious and hard work.

Blake T. Newton Jr., executive vice-president of Institute of Life Insurance, called upon the entire life insurance business to undertake an immediate three-pronged attack on replacement. He suggested that "we drop our frequent habit of intramural sniping, and constitute ourselves a committee of the whole—field, home office

(CONTINUED ON PAGE 28)

Mitchell Reply To Defense Of Halsey Josephson's Book

(CONTINUED FROM PAGE 2)

ident when the sentence is read in its context.)

". . . refinements which they glibly describe as the essency of 'equity.'"

". . the unrestricted right to illustrate dividends on the basis of nothing more than fantasy. . . ."

". . . strange ability to equate unrelated things." (This was ascribed to a company actuary testifying at a New York department hearing.)

"Stripped of its 'equity' adornments, it stands exposed . . ."

"This gem. . ." (Referring to a statement by a company.)

". . . it (the hearing) had its share of hogwash."

". . the 'equity' screamers and the hell-bent-for-volume boys . ."

"Its (the New York department's) surrender was abject and ignoble."

". . . the actuarial wonders that 'equity' performs."

". . . As if to underscore its carelessness [the National Assn. of Insurance Commissioners report] misspelled the plaintiff's name." Readers may wonder what is underscored by the Josephson book's reference in at least four spots to Robert E. Dineen as "Robert A. Dineen," to J. Owen Stalson as "Owen J. Stalson," and to Haughton Bell as "Houghton" Bell.

Obviously Mr. Dretzin doesn't believe that the foregoing specimens qualify as sneers and/or wise-cracks. I still do. I also regard some or all of them as "sarcastic jibes."

Incidentally, I don't regard sneers, wise-cracks or sarcastic jibes as detracting from the book. They add needed sparkle to an otherwise straightforwardly serious book. They are simply not a substitute for reasoned argument as a means of persuading readers to espouse the author's cause.

'Loaded' With Factual Support

Mr. Dretzin states that the book is "loaded throughout" with "factual support" of Mr. Josephson's opinion that premium gradation by policy size violates the anti-discrimination laws. I am sorry that he didn't cite even one instance of this "factual support." I have looked hard for it, and I have been unable to find it. Of course, it may be that Mr. Dretzin and I don't use the same definitions of "factual support."

It's true that Mr. Josephson quotes a number of persons who are entitled to be listened to with respect. But not one of them is quoted as saying anything like "I am convinced that premium gradation violates the anti-discrimination law, and here are my reasons for believing so."

For example, he quotes an eminent actuary as saying—in 1919—that "there are legal restrictions against varying the rate in accordance with the size of the policy." Time proved this statement erroneous—just as time proved wrong the many scientists who offered convincing proof, in the 19th century, that it was impossible to build a heavier-than-air-man-carrying machine that would fly. Now that graded premiums are accepted in all jurisdictions and airplanes are flying all over the place, it would seem more charitable not to dredge up old statements that planes can't fly or that legal restrictions prohibit premium gradation.

Mr. Josephson also cites the early use of "specials" with super-select underwriting as being a tacit admission that any other mode of grading premiums would tangle with the anti-discrimination law. But it seems idle to attach any significance to these former fears now that insurance departments have accepted across-the-board premium grading.

Was Correct—Then

Again, a former New York insurance superintendent is quoted as saying he'd been unable to find that the department had ever held that the rough division of buyers into large and small had ever been held to create different classes under the law for dividend purposes. But the fact is that the department later did hold such divisions to be proper. Mr. Josephson can hardly contend that department decisions are in accord with the law only when they agree with him and not otherwise.

The book quotes a New York department principal actuary to much the same effect as the former superintendent—but the actuary's statement was made before the department legalized premium grading, so what point is there in citing it, except for possible historical interest?

Mr. Josephson notes that although approval for graded premiums came promptly from the vast majority of states, six states disapproved initially but quickly approved on reconsideration. This he attributes to the influence of a National Assn. of Insurance Commissioners report, which he attacks with great vigor.

But regardless of whether graded premiums violate the law or not, it's pretty clear that Mr. Josephson would

against them on principle even if emium gradation had been affirma-vely enacted into the laws of every surance jurisdiction in the country. owever, if it is contended that pre-ium gradation is wrong in principle ecause it results in the small policy-older paying more than he would if remiums were averaged, then it fol-ws that it is just as wrong in prin-iple to ask the older insurance buyer pay more, as he must when pre-iums are graded according to age, han he would under the long-ago sys-em of charging the same premium egardless of age.

It's no answer to say that grading y age is spelled out in the law and rading by size is the result of de-artmental interpretation, for we're ssuming that premium gradation has een spelled out in the law.

o Injustice Done

In that connection, Mr. Josephson eems convinced that premium grada-ion necessarily takes away from the mall policyholder to make possible he saving to the large policyholder. ut what makes it seem that way is ust that the small policyholder has pay more than he would if he were till enjoying the partial subsidy he as formerly getting when premiums ere not graded by policy size.

The same effect would be evident f a company that had been charging uniform rate to all policyholders re-ardless of age were to change to the sual system of grading premiums ac-ording to age. The older buyers would ave to pay more than under the pre-ious system—but only because they ad previously been getting an unjus-ified subsidy from the younger buyers.

ees PR Hazard

Mr. Josephson stresses the point that remium gradation, which makes small olicyholders pay according to their ost incidence, is bad public relations or the business. But in view of the reat and rapidly increasing number nd political power of older people, sn't there perhaps a much more seri-us public relations danger in contin-ing to make the older buyers pay remiums graded according to age, in-tead of charging all policyholders a niform rate regardless of age? (That ast crack is a sarcastic jibe, before nybody writes in taking me seriously.)

Mr. Dretzin to the contrary, I still hink that premium gradation—includ-ng of course the specials—is Mr. osephson's main target, in the sense f being given priority in his book and n being the door-opener for the other two "evils" he discusses, terminal dividends and high early cash value policies, and more importantly in the sense of being something that would cause vastly more disruption in the industry should he be successful in his campaign to abolish it. Terminal dividends have never been a major matter anyway, and high early cash value contracts were greatly curtailed by New York's regulation 39. But graded premiums pervade the industry, and their abolition would be cataclysmic.

Not 'Bank Loan Plans'

Mr. Dretzin is of course correct in saying that the book does not oppose "bank loan plans." "Bank loan," "financed insurance," and "high cash value" have become pretty much intertwined, but it is only the high cash values that Mr. Josephson inveighs against.

As I indicated in my review of Mr. Josephson's book in the Feb. 11 issue, I hope many people will read the book. It has the rousing emotional impact of a coach's between-the-halves fight talk, so perhaps it's unfair to look for closely reasoned argument. Anyway, when the leading general agent of a leading company thinks enough of the future of the business he's in to write a book about what he sincerely considers a serious menace, it should be read by both the friends and foes of what he's attacking—if only so they can judge for themselves what influence the book may be expected to have. "Discrimination" is published by Wesley Press, 157 West 57th Street, New York, at $5.

Dretzin Defends Josephson's Book

(CONTINUED FROM PAGE 2)

self. Perhaps, though, you favor these things only because so many companies have adopted them and you won't tolerate any attack on a sacred cow. Whatever the reasons, you have the right to disagree. But why drag in your irrelevancies. Is it necessary, as you suggest, to go to court before one may be of the opinion that premium gradation by size violates the anti-discrimination law? Is it necessary to point to "monkey-business" before one may oppose premium gradation? And if it's factual support of his opinion you're asking for, the book is loaded throughout with it.

I wonder how carefully you read the book. You say the book "hits bank-loan plans" when in fact I find nothing in it about financed life insurance. You say the main target he is aiming at is premium gradation. Of course, that just isn't so. The main target clearly is discrimination. Premium gradation is merely one link in the entire chain of discrimination. The others—specials, terminal dividends, minimum deposit—were just as clearly and forcefully presented. You speak of "unsupported opinion" when the book is highly documented with support from life insurance company officials, state insurance department commissioners, and others.

'Only Voice In Industry'

Halsey Josephson is, and has been, the only voice in our industry who has dared to talk up for the things he believes in; things some companies and our industry have often preferred to sweep under the rug. He has always spoken boldly. Frequently his boldness may have been unwise; more often than not, unpopular. As his close friend, and surely his severest critic, I would be the first to say that from time to time, perhaps, he may have been more sarcastic than was necessary. He is an iconoclast, and if in his ardor for destroying false images he found it compelling to dip his pen into acid, I found his slight indiscretions unimportant in view of the validity and sincerity of his observations. If at times he did resort to the jibe or jab, it probably went unnoticed by those in agreement with his thinking. Those who are for keeping the old order are far more ready to attack his style than content.

Says Sting Is Absent

I'm inclined to believe you may have been criticizing him for previous sins, previous disagreements, since in this piece of work there was almost a total absence of sting.

His "Discrimination: A Study of Recent Life Insurance Developments," which you treated so lightly and scornfully, is a sober and responsible exploration of a revolutionary period in life insurance history, enormously and carefully researched. It brings into the open much that had previously been blurred and buried. What it says may not win any popularity contests among life insurance companies, but it is sure to stimulate the thinking of a large segment of the insurance industry and may have a greater effect on the future of life insurance than even the author realizes.

However you and I may disagree on your appraisal of Halsey's book, I am glad that you, too, think everyone in the life insurance business should read it.

Pacific Mutual's Rolfsness On Top Once Again

For the third consecutive time Robert K. Rolfsness, Seattle agent of Pacific Mutual Life, has earned the company's man of the year award. No other member of the company's field organization has ever equalled that achievement.

Mr. Rolfsness is a 13-time winner of the industry's National Quality Award, and a member of the Million Dollar Round Table.

Editorial Comment

Procrustean Bed For The States?

State regulation of interstate insurance transactions, ever since the Southeastern Underwriters Assn. decision, has existed only at the pleasure of Congress. Fortunately the McCarran act, in which Congress laid down the conditions under which the states might continue to regulate interstate insurance, left quite a lot of latitude to the framers of state laws governing insurance. Nothing in the nature of a prescribed state code was spelled out in the McCarran act.

Now, however, there appears to be an aggressive effort in that direction.

What could be the entering wedge is the proposed revision of the District of Columbia insurance rating law. The bill recently introduced would consciously and deliberately make the revised rating law the expression of Congress's ideas of what a rating law should be. If this approach is successful, it would pave the way for Congress to see that the District of Columbia insurance law further reflects congressional thinking—particularly as respects what Congress might conceive to be deficiencies in the general run of state insurance laws.

In his remarks in introducing the District of Columbia rating law revision bill in the Senate, Chairman Kefauver of the anti-trust and monopoly subcommittee emphasized the importance of the District of Columbia law as a bellwether for state legislation.

"The anti-trust and monopoly subcommittee," he said, "has completed its study of the rate problem, and its declarations will be watched with considerable interest by all the states. Therefore to correct only the obvious inadequacies of the law and to ignore others merely because complaints have not arisen would be a plain breach of our duty.

"What we are proposing here is a basic revision of the approaches to the regulation of rates adopted by the states and for the District of Columbia. The impact of such a law will be great, since it will represent the first expression by the Congress of its intentions concerning the kind of rate regulation which conforms most closely to the purposes of the McCarran act."

Delete the references to rate regulation and substitute any other regulatory area in which Congress could be deficient, and you have a fair idea of what could be the consequences of passing the Kefauver proposal.

Does Congress find certain state laws so loose that they do little to discourage shady operators? Pass a tight law for the District of Columbia and warn the states that failure to have as good a law will be interpreted as not meeting the McCarran act's requirements. Is another state so tough in its admittance requirements that its laws could be construed as an unreasonable barrier to interstate commerce in insurance? Amend the District of Columbia law to reflect what Congress thinks are reasonable admittance requirements, and then put the tough states on notice that going beyond the D.C. model will be regarded as undue balkanization of the insurance business.

Can Congress be persuaded by big corporations that restrictions like the 20/40 group life limit are far more to the benefit of the life companies and their agents than in the public interest? However wrongly based its belief may be, Congress can change the situation by amending the District of Columbia law to prohibit any limits except those a company may set for itself on the basis of sound underwriting considerations.

No one would suppose that the District of Columbia insurance law would be set up as the model which the states would have to follow in all particulars, on pain of being declared to have forfeited the special dispensation of the McCarran act. But the attitude expressed by Sen. Kefauver in introducing the rate regulation bill gives a pretty good idea of what can happen with any other aspect of the interstate insurance business where something that Congress considers to be of real importance is involved.—R.B.M.

Deaths

WILLIAM O. BURNS, 62, retired vice-president of Western & Southern Life, died at his home in Lebanon, Ind., where he moved six years ago. He started as an agent with the old Public Savings Life at Lafayette, Ind., in 1925. In 1927, Public Savings was reinsured by Western & Southern and Mr. Burns' service with this company dates from then. In 1931 he was promoted to manager at Terre Haute and subsequently became manager at Muncie, Springfield, Ill., and Chicago west district. In 1938 he was promoted to agencies superintendent and in 1942 to vice-president.

William O. Burns

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, Feb. 21, 1961

	Bid $	Asked $
Aetna Life	102	104
American General	36½	37½
Beneficial Standard	17	18
Business Men's Assurance	52	54
Cal.-Western States	62½	66
Commonwealth Life	25½	27
Connecticut General	454	460
Continental Assurance	214	218
Franklin Life	93	95
Great Southern Life	71	74
Gulf Life	20	21½
Jefferson Standard	49½	51
Liberty National Life	65½	67½
Life & Casualty	18	19
Life of Virginia	62½	65
Lincoln National Life	247	252
National L. & A.	133	135
North American, Ill.	15	16
Ohio State Life	45	47
Old Line Life	62	66
Old Republic Life	21½	23½
Republic National Life	37	39
Southland Life	94	98
Southwestern Life	64	68
Travelers	104½	106
United, Ill.	41	43
U. S. Life	53½	55
Washington National	55½	58½
Wisconsin National Life	34	36

Conventions

Feb. 22-25, Florida Assn. of Life Underwri 'Gator Sales Congress, Miami 22nd, T 23rd, Panama City 24th, Jacksonville 2

Feb. 23-24, Life Insurance Agency Manage Assn., life & property-casualty affili meeting, Statler Hilton Hotel, Hartford.

March 9-10, Ohio State University Insura Conference, annual, Columbus.

March 13-14, Florida Assn. of Life Underw ers, University of Florida, life insurance s inar, annual, Gainesville.

March 13-15, Life Insurance Agency Manag ment Assn., agency management confere Edgewater Beach Hotel, Chicago.

March 23-24, Society of Actuaries, regio Commodore Hotel, New York City.

April 6-7, Society of Actuaries, regional, St ler Hilton Hotel, Dallas.

April 12-13, New York State Assn., of Life U derwriters, "Appleknockers" sales carava Chamber of Commerce Auditorium, Roche ter, April 12, and Sheraton-Ten Eyck Hote Albany, April 13.

April 13-15, Life Insurers Conference, annu Americana Hotel, Bal Harbour, Fla.

April 13-15, Home Office Life Underwriter Assn., annual, The Greenbrier, White Sulphu Springs, W. Va.

April 16-20, National Assn. of Life Underwriters, midyear, Galt Ocean Mile Hotel Ft. Lauderdale, Fla.

April 17-18, Life Insurance Agency Management Assn., A&S meeting, Edgewater Beach Hotel, Chicago.

April 23-25, National Assn. of Insurance Commissioners, Zone V, Town House Hotel, Omaha.

April 25-27, National Assn. of Insurance Commissions, Zone II, Dupont Hotel, Wilmington.

April 26-28, Life Insurance Agency Management Assn., combination companies conference, Shoreham Hotel, Washington, D. C.

May 8-9, Assn. of Life Insurance Counsel, midyear, The Greenbrier, White Sulphur Springs, W. Va.

May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.

May 12, New York State Life Underwriters Assn., spring delegate meeting, Astor Hotel, New York City.

May 14-16, Canadian Life Insurance Officers Assn., annual, Seigniory Club, Quebec.

May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.

Chester Jones Heads LIAMA Alumni Group

Chester R. Jones, general agent at Washington for Massachusetts Mutual, was elected president of Atlantic Alumni Assn. of LIAMA schools in agency management at the annual seminar, held at Haddonfield, N. J. He succeeds Robert L. Snowden, Metropolitan Life manager at Trenton.

Chester R. Jones

Other officers are Gilbert V. Austin, general agent of Aetna Life at Brooklyn, vice-president, and Gordon S. Miller, general agent at Philadelphia for Massachusetts Mutual, secretary-treasurer. Added to the executive committee were Arthur A. Bikoff, general agent for Aetna Life at New York; Andre J. Duchesnay, provincial manager at Montreal for Northern Life of Canada; Ernest A. Farrington, manager at Silver Spring, Md., for Prudential, and H. Bennett Webber, manager at West Springfield, Mass., for Phoenix Mutual.

The seminar covered mainly the recruiting of successful agents in today's market and agency organization, supervision and control in today's market. LIAMA Senior Consultants Philip H. Yost and Richard E. Sauder conducted the seminar.

The importance of individual training, guidance and coaching was emphasized as were techniques and methods by which the manager works with trainees in the acquisition of knowledge, attitude, skills and habits required in the performance of the job.

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Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Main common stock additions to the Ins. Co. of North America list in 1960 were: Bank of America, Ford, Machines Bull (called the I.B.M. of France), Philadelphia Suburban Water Co., and Schlumberger. Main deletions: Dresser Industries and Texas Gulf Sulphur.

This was communicated to the 50 members of the investing community that were guests of INA at what has come to be an annual occasion for reviewing company results and covering the insurance waterfront. C. H. Wentworth, speaking for the investment department, gave the details.

Other Wentworth comments: Over the past five years INA has invested $166 million net new funds, $100 million going into high grade bonds, $20 million into preferred stocks, $17 million into the general market of common stocks, and $25 million into Life Ins. Co. of North America.

There was an appreciation of $30 million in January in the stock account. Market value in excess of cost of securities is $329 million.

Mr. Wentworth looks for moderately lower long term bond interest. INA is concentrating on 10-12 year maturities in tax exempts. Preferred stocks are favored for tax reasons but they are scarce. INA is continuously looking for "attractive situations" and "weeds the garden."

President John A. Diemand was both lead-off man and anchor man. He is entering his 58th year in insurance, in full vigor. He recalls his start with the old Philadelphia Casualty (commonly called Casualty). He said he was asked recently how aggressive INA intends to be in the future. "Pugnaciously aggressive" was his answer.

The tone of the meeting was decidedly optimistic.

The competition of INA has been long felt and respected in the fire-casualty world. Life insurance is going to get a stronger taste of it. Mr. Diemand said the life companies had never faced competition until a few years ago. "We always had it," he said, referring to fire-casualty. One of the first principles at INA (even in the sorriest stage of the depression) is to quote only market values for securities. This is being carried into life insurance, which implies a challenge to the reliance on amortized values for bonds.

Insurance stocks reverted more to a trading range last week. The tone was strong but buyers were less compulsive and prices here and there were a trifle easier. Standouts were mainly in the fire-casualty list, including Fireman's Fund, Great American, Northern, Pacific Indemnity, St. Paul, U.S.F.&G. Mass. Protective Assn. was 82 bid, none offered. Springfield eased.

Gulf Life was up 2 on strong rumors that a merger proposal is near with Life & Casualty on the basis of 1¼ L.&C. shares for 1 Gulf. L.&C. was 19 bid, Gulf 23½.

Mr. Diemand looks for the day when all forms of insurance, life included, can be done under a single charter. The economies, he said, are suggested by the fact that 3,500 income tax returns were needed for both INA and Indemnity of North America when each was a corporate entity. Complete multiple line operations provide better service for agent and policyholder.

There has never been a greater opportunity for growth than there is today. The minimum growth for INA, he said, should be 10% per year. When one company can write all lines, agency representation will be on that basis. This will be a simplified and lower cost system. It will be accepted by the public and the legislatures.

Bradford Smith, speaking for the fire department, urged the group to scan 5-year results. That is the minimum scope to give a "real feel" for the business. He said the loss ratio is remarkably uniform considering the various stock losses that are covered in the record. During the past 15 years only in 1957 did the combined loss and expense experience touch 100.

He said last year there was sincere competition in commissions which INA did not meet. They did, however, meet the rate competition.

INA's loss in Donna via its direct fire department totaled $3 million. This they took without reinsurance.

The treaty reinsurance operations are expanding and the prospect is for very successful operations abroad.

Unless the high cost operators can reduce their expenses they will be operating in the red under the tight rate structure.

New package policies are in the mill and INA will step up its "hard sell and agency company direct appeal to the public."

H. P. Stellwagen, casualty, said each line produced a profit last year save burglary and glass. There was an underwriting profit of $5,597,000. The operating ratio was 94.6. A goal of 5% profit has been a will-o-the-wisp but it was actually realized last year.

It is significant that a profit was made on auto. BI gave a profit, PD was a loser and material damage was a good winner.

The Champion policy (6 month-contract, direct billing) is doing well. For six months the Champion premiums were $3,174,000. Seventy percent of that business is "new to us."

Workmen's compensation was good. However, with 46 legislatures running, increased benefits are coming and it is hard to keep step with that.

There are indications that rate regulation will be relaxed. It was heartening that the O'Mahoney committee concluded that competition is the best regulator of rates and that the tariff should be made in the market place.

Ed Zalinski, life, had some breath-taking figures to give. New life insurance in 1960 amounted to $325 million, up 45%. In force is $590 million. There are 589 employes. The adjusted net worth of the life company is $16 million or 75% of the investment in it by INA. Only 113 companies had more life insurance in force in 1959 and only 60 had greater sales. There are 5,500 independent agents and 160 full-time men.

The life company should cover all operating expenses and benefit payments and develop a cash flow at the end of 1961. There will be a reduction of the surplus steam. By 1965 renewal premiums should comprise 80% of the total.

The original target was $1 billion in force in 1967. On Feb. 16, 1960, the total was $700 million and 1962 will see the billion—five years ahead of schedule.

The average premium per thousand is decreasing. Mutual funds are cutting in. Competition is more intense in the savings and investment field. Effective cost control and aggressive merchandising are called for.

Other points: The swing in the fire-casualty pendulum that commenced in 1958 is continuing. Except for Donna, 1960 would have been the best year in history. Before tax, earnings were $3.81, after tax, $2.96.

Mr. Diemand said INA goes on the theory it was organized for the purpose of making money from the insurance business. He warned of a recrudescence of the perilous policy of the 1920s which was to smother underwriting deficits in the stock market. This destroys an underwriting organization when agents and employes get hep to it.

Mr. Diemand hammers on the fact that INA has a fully funded pension plan. There is $55 million in it, including 100,000 shares of INA stock (cost $20 per share). Some may have a plan but no fund. Others have no plan. One institution found it would cost $70 to $80 million to fund its past service.

He counseled the analysts to take this into account in making comparisons, plus, the strict adherence to market values and the fact that INA is the most highly loss reserved company in the business.

In the question period, the matter of commission competition was covered. The point was made that a few years ago some of the large companies increased homeowners commissions five points to 25%. INA didn't meet this, believing it would give the direct writers an edge and also that a maximum of 20% is enough for the ordinary agent. The actual INA average is 21.3% and they have pitched their rates on that factor.

In 1960 many companies introduced a profits commission (it used to be called "contingent"). This runs as high as 25% on profits. INA feels this is not sound.

Low commissions and low expense ratio is the answer to direct writer competition.

The assigned risk situation is the Achilles heel of the business. INA wrote $2 million of this and had $1 million out-of-pocket loss. A national committee is trying to get proper rates and to depopulate the plan via surcharges in individual company rates.

New York state comprises the bulk of the problem. But the INA people see signs of hope.

The Kennedy health program poses a serious threat.

Mr. Zalinski was asked to elaborate on trends in life insurance. He noted that in 1945 75% of the insurance in force was on permanent plans. Today it is less than 50%.

In 1955, 20% of new business was on endowment and retirement income plans. Now it is less than 5%. Today the average age of the new buyer is 25 and the average age of the owner is 35. The older age groups are not buying. This is due to the magnet of equities and the inflationary trend.

The big increase in life insurance sales from 1941 lulled the companies into a false sense of well-being.

On the plus side there is the fact that there is an increase in level term business. This suggests higher profits and higher income taxes in the early years, and later lower profits and taxes.

Pressed for a precise guess on growth, Mr. Diemand picked $1 billion as the 1970 premium income. He said it took INA 148 years to write its first $1 billion.

Mr. Diemand said he is opposed to any campaign to get the taxes raised on the mutuals. They will fight back. That is a dangerous tactic.

In answer to a question, Mr. Diemand said that since December, 1951, 600,000 INA shares have been reserved for options. There are 375,000 outstanding, leaving 225,000 still available and unassigned. The maximum is 7,500 and that is applicable to only one person. This program has worked well and is one of the reasons why INA is working so effectively as a team for the stockholders.

Represented at the gathering were: Bank of New York; Bankers Trust Co.; Brown Bros. Harriman; Cartwright, Valleau & Co.; Century Shares Trust; Chase Manhattan; Chemical Bank; Clark Dodge & Co., Franklin Cole & Co.; Colonial Management of Boston; Dominick & Dominick; Drexel & Co. of Philadelphia; Eaton & Howard Inc. of Boston; Fidelity Philadelphia Trust Co.; First Boston Corp.; First National Bank of Chicago; First National City & Trust Co.; First Pennsylvania Banking & Trust Co.; Girard Trust Corn Exchange Bank; Hanover Bank; Janney, Battles & E. W. Clark of Philadelphia; Kidder, Peabody & Co.; Lazard Freres; John C. Legg & Co.; Loomis Sayles & Co.; McDonnell & Co.; Mellon National Bank & Trust Co.; Mercantile Safe Deposit & Trust Co., Baltimore; Morgan Guaranty; National City Bank of Cleveland; John S. Newbold & Co., Philadelphia; New England & Merchants National Bank, Boston; Old Colony Trust Co., Boston; Opinion Research Corp., Philadelphia; National Bank, Pitcairn Co., Wilmington; Provident Tradesmen's Bank & Trust Co., Philadelphia; Scudder, Stevens & Clark; Shelby Cullom Davis & Co.; Smith Barney & Co.; Standard & Poors; State Street Bank & Trust Co., Boston; Tri-Continental Corp., U. S. Steel and Carnegie Pension Fund; White, Weld & Co., and Wilmington Trust Co.

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Fidelity & Deposit's investment portfolio at Dec. 31, 1960, included 2,750 shares of Aetna Casualty, 6,400 Hartford Fire, 6,870 Monumental Life and 2,000 Travelers.

Maryland Casualty owned 8,700 shares of Monumental Life.

Still another twinning of life insurance and mutual funds is Surety Life of Salt Lake City and Hamilton Fund Inc. Salesmen of both institutions are being cross licensed, but the fund shares and life insurance will be sold separately.

Paul Revere Life Prepares For Canadian Home Office

Paul Revere Life has purchased two and one-half acres of land in Etobicoke, a suburb of Toronto, as a preliminary move to building a Canadian regional home office. No date for the start of construction has been set.

Current Canadian home office operations are conducted from Hamilton, Ont., where the company has leased property for the past 10 years.

Elliott Named Chairman Of Hancock Finance Committee

Byron K. Elliott, president of John Hancock, has been elected chairman of the company's committee of finance, succeeding Paul F. Clark, chairman of John Hancock.

Mr. Clark, will continue to serve as a member of the committee. Also elected to the committee were Hancock Directors Ralph Lowell, Philip H. Theopold and William M. Rand.

Questions, Answers From CLU Column Supplied To Daily Papers

(CONTINUED FROM PAGE 6)

ing, then by all means keep your policy.

QUESTION: We are interested in buying insurance covering medical benefits for people over 60. We have been insured as part of a group, but I may have to leave the company I am working for and this policy might have to be dropped.

What we want is a reasonably priced policy from a fully reliable insurance company, that cannot be cancelled out for the company's own reasons.

The prices we have been quoted seem too high. For young people, the policies include maternity benefits, and, of course, young children have to have their tonsils out and many other probable hospital expenses older people do not incur. Why is this not taken into consideration, in selling hospital policies to people our age?

Can you tell us the name of a company that will give us what we are looking for?

ANSWER: It's true that young families do have maternity and other benefits an insurance company isn't called upon to pay for its older policyholders; however, the risk of more serious (and therefore more costly) health problems increases enough with advancing years to wipe out what would otherwise be a saving.

The experience of one of our associates is an example. He and his wife are each 63, and they have had hospitalization insurance for many years; but until recently they have never had to use it. Since July a year ago, between them they have had to undergo three operations—one of which was massive and costly surgery. These claims have wiped out more than they've paid the company in premiums over the past 10 years.

We're sorry, but we cannot recommend individual companies. We'd be accused of bias; but, more important, it might be a disservice to you. Insurance policies vary widely in what they cover and what they cost; as with anything else, you pay for what you get, and though you should be sure you're getting what you need, it is also wise to avoid paying for something you don't need.

Sound advice can be given only by someone who knows or can get to know your exact circumstances. Why don't you check with the insurance man who sold the group insurance you now have? He may tell you it can be taken over on some basis when you leave your job.

Wants Retirement Plan

QUESTION: I am a woman, 38 and unmarried. I will receive a pension when I retire, but would like to add to it. My parents are still living, but their circumstances are such that life insurance is not particularly important.

I am undecided, however, whether to invest in a 10-year endowment policy, with disability provisions and an option to convert to an annuity at the end of 10 years, or to buy a regular annuity. The premium would be about the same in each case, and I feel that the disability provision is worthwhile. What would your decision be?

ANSWER: If there isn't much difference in premium, we'd choose the endowment. Even if your parents don't actually need the death protection, what's to lose? And, as you say, disability protection is worth having; in fact, for anyone who depends on earned income, we rate it a must.

QUESTION: I am a coremaker in an iron foundry. Because of this, and that they claim I weigh too much, my $5,000 policy, on which I must pay premiums for 18 years, costs me $324.10 a year.

At 65 I'm supposed to get $3,768 guaranteed, and about $1,490 extra in accumulated dividends. I feel this policy is costing too much for what I'm to get out of it, and I'm wondering if I should take out a policy that will give me a better return?

ANSWER: If you are overweight, this, combined with your occupation, makes it doubtful that you could buy a comparable policy for less than you're paying.

If you are not satisfied, we urge you to keep your policy until you are sure you can do better; and that means until some company actually issues a policy that will give you more, or anyhow, as much for less.

Dividend Record Good

The company that insured you is normally liberal in setting up special classifications (extra premiums charged for his physical condition or the hazardous nature of a man's work). And, though no company can guarantee its present rate of policy dividends—you may get more or less than expected, depending on the company's year to year experience—this one has a good record of dividend payments, and in this respect the trend throughout the business seems favorable. We would think you have a good chance of getting a settlement, at 65, of about the amount you mention; and as your total premiums will be only $5,833, this means you will have had $5,000 of insurance protection (plus your dividend accumulations) for 18 years for less than $600.

Further, if you reduce your weight or change your work, the company will always consider reclassifying you, with a possible reduction in the premium you pay. All in all, we think you have a good policy.

QUESTION: I've been told, and I think I've read in your column, that when I'm 65 I can change my straight life policy to an annuity (which, incidentally, is called "ordinary" life on the first page of the printed policy). I've also been warned that I'm not to count on getting anything from an insurance company that isn't spelled out in the policy itself.

Well, I've read mine, and I can't find where it says anything about turning it into an annuity. What's the answer?

ANSWER: What you were looking for is there, but not in the words you expected. All straight life policies (also called "ordinary" and "whole" life) have a cash surrender value you can take at age 65—or earlier or later. Nearly all companies will permit you to take this surrender value in the form of an annuity (an income for life), rather than as a cash settlement.

If you want to be absolutely sure your company is not an exception, a phone call to its local office will, we think, get you the information you want—including the amount of annuity income your straight life policy will pay you at 65. Usually this last figure can be obtained from the table of settlement options published in the policy, but a phone call is easier.

Won't Turn Policies Over

QUESTION: Our father died six months ago. At the time of his death, he carried insurance on my sister and myself, naming himself as beneficiary. No other beneficiary was named, as our mother died years ago.

Before his death, he had remarried and our step-mother refuses to turn these policies over to us, telling us that his will says all insurance policies are to be given to her.

Is it true that a will governs an insurance policy? Should we retain a lawyer to force our step-mother to turn these policies over to us?

ANSWER: If the policies specify

L. Kent Babcock Jr., Aetna Life, left, is presented the 1961 president's cup of Philadelphia Life Underwriters Assn., by Herbert M. Cady, Connecticut General, during the association's sales congress. The solid silver trophy is donated by past presidents of the association to men with outstanding records of contribution to the advancement of life insurance and its sale. Mr. Babcock is a director of the Philadelphia association and national treasurer of General Agents & Managers Conference.

that your father was the life owner, as well as the death beneficiary, and if he did not indicate who the contingent life owner would be, then his rights would pass by will; or if there was no will, as directed by state law.

May Have Had No Rights

If this life ownership right was not reserved by your father, then it would pass to you and your sister, regardless of what his will might direct.

This question of who owns a policy is spelled out in the policy itself. We suggest that you write to the company that insured you and ask how your particular policies were written. If you do have control, and your stepmother still refuses to give them up, it's possible that the company can help you in some way; if not, then it may be necessary for you to retain a lawyer. On the other hand, if your father owned the policies, then we doubt that you have any rights to defend.

QUESTION: Thirteen years ago, at age 52, I took out an endowment policy that would be paid to me at age 65. I have paid a total of $3,380 in premiums, and the company now informs me that the sum I am to receive is $3,121.87.

The agent I bought this policy from attached an illustration form indicating I would get $4,390—plus or minus a few dollars, according to the fluctuation of dividends. In my opinion, almost $1,300 is too much "fluctuation." What do you advise me to do about this?

ANSWER: Furnish the company that issued your policy a copy of the dividend illustration you were given. No life insurance company can guarantee the amount of policy dividends it will return (either as a practical proposition, or under state insurance laws); but this difference of $1,300 is substantial, and we don't wonder you are questioning it.

We think your experience is especially unfortunate, for you've actually had a good deal. Any company that insures you for 13 years (starting at age 52, when the cost of life insurance is climbing rapidly), then returns close to what you paid in, is, we believe, doing very well.

It's too bad that a good result can be made to seem unsatisfactory by a salesman's estimate—one that must have been either a mistake, or an instance of extreme over-optimism.

Company Admits Error

QUESTION: Can an insurance company demand and force us to make back payments, when they were in error in having them discontinued?

Nine years ago, after we had paid 10 premiums, a company wrote saying our policy was paid up. I so marked it and filed it away. We have now received a letter saying it was their mistake, and we could have one of two choices of how to pay up our arrears. It is a 30-payment life policy, and the company's letter says that it would be carried in full force "for a reasonable time."

Please tell me whether we will have to pay for these past nine years; and also, what is a "reasonable" time?

ANSWER: This is the first time we've heard of a life insurance company notifying a policyholder that a policy was paid up, when only a third of the premiums called for had actually been paid.

We don't know what your lawyer would tell you, but you ask if you could be forced to pay, and we believe a court would rule that it was a "mutual error." That is, the company certainly made a mistake; but the policy you hold is a contract, and you are expected to be familiar with its terms—especially with the terms of payment.

Among other things, forgiving two-thirds of the premiums for a 30-year policy would be grossly unfair to other policyholders. As you were at least in a position to question whether a mistake had been made when you received the paid-up notice, we think the company is doing about the only thing it has a right to do when it asks you to make up the nine unpaid premiums. But chartered life underwriters don't practice law, so what we're giving you is strictly a layman's opinion on the moral issue involved.

You don't mention the age at which this policy was issued. Ten premiums, however, should be enough to carry the insurance in full force for at least 10 to 15 years (under what is technically called an "extended term insurance" option).

Travelers Revamps Health Insurance Classification System For Impaired Risks

Travelers has established a special classification program that is designed to provide health insurance for many people who heretofore have been unable to obtain standard policies from the company because of poor medical history.

Instead of offering only restricted coverage to those with physical impairments, the new program enables the company substantially to reduce the number of impairment riders and, in many cases, to issue coverage on applications it formerly had to decline. A sliding scale of increased rates will be used.

Said James C. Smith, vice-president, "Although the program will not make possible the acceptance of every application, nor eliminate the need for occasionally offering coverages on forms other than applied for or using impairment riders, it will furnish a means of providing better accident and sickness protection for impaired risks and will enable the insuring of some persons that were considered uninsurable."

Styne Heads GA Council Of General American Life

Dwight E. Styne, Honolulu, has been named chairman of the five-man General Agents' Advisory Council of General American. Appointed to a five-year term is James E. Gilles, Columbus, O.

Beard And Berns Top Midland Mutual Agents

Highest awards for individual achievement during 1960 among agents of Midland Mutual Life have been won by Ralph E. Beard, Fort Wayne, Ind., and F. H. Berns, Minneapolis.

Mr. Beard is the company's man of the year for the second straight time. This honor is conferred each year upon the agent who turns in the best record of all-round performance.

Mr. Berns has earned the first-year star award by setting the pace among agents who completed their first contract year in 1960.

Seven agencies won special honors. Winner of the president's award for the second straight year is the Jack P. Smith agency, Cleveland. The agency captured this award by posting the best all-round record among agencies with the company three years or longer. A 19% increase was registered in new life sales, and the agency chalked up a 20% gain in health insurance production. Awards of excellence in the three-years-and-over category have been presented to Randall G. Yeager agency, Warsaw, Ind., S. Byrl Ross agency, Parkersburg, W. Va., and Allen G. Bergman agency Riverside, Cal.

Another repeat win was scored by Edward H. Dean agency, Minneapolis, recipient of the foundation builder award for the top record among agencies with the company less than three years. New life sales produced by the agency in 1960 were double the 1959 amount. The Pearl A. Willis agency, Cincinnati, and Donald J. Doepker agency, Lima, O., qualified for awards of merit in the under-three-years group.

North American L.,A.&H. honored General Agent Larry Garot, Green Bay, Wis., as 1960 "Man Of The Year." At the award presentation are, from left, George Vogler, agency vice-president; Mr. Garot; President Robert F. Rosenburg, and A&H sales director William Manzelmann. The award was based on Mr. Garot's outstanding agency development of both life and A&H during the year.

Saratoga Parley On Replacement Problem

(CONTINUED FROM PAGE 21)

or institutional representative" to combat replacement or twisting through cultivation of "orphaned" policyholders, through public education about life insurance, and through expanded research programs.

The life insurance business, he said, has been derelict in its responsibility to "a vast army of orphaned policyholders whom we have allowed to develop, and with whom we maintain minimal contacts once a sale has been made." The prevalence of the orphaned or neglected policyholder has a strong influence on the ability of the life insurance business to meet the replacement or twisting problem, he said.

"With the mobility of our people today, coupled with the turnover of our agency force, we have a startling number of policyholders who are completely out of touch with the agent who sold them their policies—indeed, many have no insurance adviser worthy of the name," he said. "Thus exposed, they fall prey to marauders owing them no allegiance and interested only in commissions derived from whatever wares they may be peddling.

"With the advent of electronic equipment and improved communications of every kind, we can make great inroads on this vast problem by developing programs for the adoption and care of these orphans. This is no longer as difficult a problem as might be imagined—it merely requires that we focus our attention on it and get busy."

If the client is really educated, Mr. Newton said, no power on earth would cause him to give up his life insurance contract.

Gives Examples

"Think back in your experience to the cases you have written, and which involved a client who fully understood what the contract was, and what it could do for him. Add the second indispensable—his faith and trust in you as his insurance adviser. Do you think this client would be easy prey to the twister or stripper? Would he be likely to forward his policies for examination by a perfect stranger, posing as an insurance consultant, who could 'save' him substantial amounts of money?"

Although some much-needed research is being done on attitudes, Mr. Newton said, what is required now is a bold, expanded program of research for knowledge that will give meaning to efforts at education and cultivation of orphaned policyholders.

"I'm impressed with how little we do, compared with other institutions, which like us, have need for knowledge. If we are to truly sell to needs, we must truly know what needs exist. Only so can we shape contracts, approach prospects and pattern programs.

"This means we have got to do more to uncover the truth about the economic and social conditions that surround our people. Just as institutions concerned with the natural sciences must have laboratories to uncover the secrets of the natural sciences, so must we, in the same way, have laboratories in which we discover the secrets of the social and behavioral sciences.

"We have only scratched the surface here, and as our society and its people become more complex, the need will become more and more acute.

"Truth is our weapon. We have a grave responsibility to seek it out—and having found it, use it faithfully to protect our public, and to eradicate this parasitic development of twisting, which feeds upon the sound values of our contracts and debases the institution we represent."

Baird Sums Up

Summing up the meeting, Moderator Baird mentioned that the problem is aggravated by the disparity of commission interest between the replacing agent and the losing agent. The former has at stake first-year commission on perhaps $100,000, plus eventual renewals. The latter may have, say, four more renewals to go on a $10,000 policy.

Mr. Baird strongly endorsed "raising hell" with the replacing agent and his home office. He said the replacing home office is much more effectively dealt with if the agent whose policy is threatened will route the complaint through his own home office, where someone accustomed to dealing with such matters will know who to get in touch with at the other home office.

Much of the replacment problem, said Mr. Baird, lies with brokers, who owe allegiance to no company. Business from these sources may seem attractive—but it may flow the other way in a few years, he warned.

Mr. Baird called on Harry K. Gutmann, Mutual of New York, New York City, president of the state association, who touched on some remedial steps under consideration. One is to look into what is being done in Ohio, where the replacing agent is looked upon as guilty until proved innocent. The New York state association is also considering suggesting to the New York insurance superintendent that he set up an advisory committee from the insurance fraternity to help the insurance department staff, since the latter lack the necessary personnel. He mentioned that he had received letters from a number of state association leaders about the seriousness of the replacement problem and what is being done in their states to cope with it.

The meeting set a new high in attendance, with an unusual number of home office people, according to Spencer L. McCarty, Provident Mutual, Albany, managing director.

It was the first time that Ralph G. Engelsman was absent from a Saratoga meeting. He started these conferences when he was state association president. At that time he was general agent in New York City for Penn Mutual. He now is a sales consultant there. He was unable to attend on account of going on a trip with Mrs. Engelsman, who is convalescing from surgery.

Congleton Answers Sears Arguments On Variable Annuities

(CONTINUED FROM PAGE 1)

misunderstanding by the public, predominant investment features, "front end loading" and high operating costs, the possibility of an adverse effect on life companies and the experimental nature of the annuities.

In rebuttal, Mr. Congleton cited the success and popularity of several variable annuity plans which have been in operation since 1952, pointing out that persons already receiving benefits under these plans were receiving up to 1½ times the amount they would have received under fixed-sum annuities.

He told the committee that the rapid spread of such plans and their acceptance by the public demonstrate the public's awareness of the concept and principles variable annuities involve. He said that the investment features of variable annuities were a strength rather than a weakness, and that they permitted the annuitant to receive a constant amount of purchasing power instead of a constant amount of dollars of declining purchasing power.

In answering Commissioner Sears' objections to higher charges in the first few years of the accumulation period, Mr. Congleton pointed out that this is true of most insurance policies. He said that Prudential's plan, in the event of death during the accumulation period, provided for repayment of at least the total amount of the money paid in.

He denied that variable annuities would have any adverse effect on life company reputations, as claimed by Commissioner Sears.

"Rather," Mr. Congleton said, "we're concerned with what might happen to that reputation if we fail to provide those services in our field which the public needs and wants."

As for the commissioner's statement that variable annuities are too experimental in nature, Mr. Congleton said that over the years life insurance companies have marketed many new and experimental forms of coverage which today are commonplace items in every agent's portfolio.

A Public Service

"Such experimentation is a real public service," Mr. Congleton said. He likened the argument over variable annuities to that created by the introduction of the family income policy in the 1930s.

"Insurance companies must provide new forms of coverage that will meet the ever-increasing needs of a changing economy," he said.

"We urge you," Mr. Congleton told the committee, "to confine experimentation in the variable annuity area within the framework of the protection afforded by the insurance laws. Should these appear inadequate in any respect, we strongly recommend the passage of such regulatory controls as are needed."

Host Of High Level Promotions, Changes Made By Equitable

(CONTINUED FROM PAGE 1)

and Hudson Whitenight in securities investment, and Stuart A. McCarthy, who also holds the title of associate general solicitor in the law department. Mr. McCarthy was associate counsel, while Messrs. Stoddard and Whitenight were managers of industrial securities and railroad securities, respectively.

The board also elected Bernard K. Sprung as counsel for legislation and

A. E. Elander

R. E. Erway

Eugene T. O'Neill as counsel for litigation. Both men have been associate counsel.

Three associate controllers were also elected. They are Frederick P. Andersen, Howard B. Baer and Leonard H. McVity, all former assistant controllers.

Named assistant vice-presidents, a new rank, with department affiliations and former titles, are Eugene D. Badgley, agency, director of special services; Leon D. Choffin, claims, manager of the claims department; Karl M. Davies, underwriting, manager of the underwriting department; Walter L. DeVries, methods research, senior research associate; S. Jerold Duran, group, manager of the department; Henry A. Hahlbohm, policy issue and service, supervisor of the department; Francis W. Kriney, residential mortgage, manager of the department; William A. McCurdy, securities investment, associate manager of industrial securities; William R. Morgan, group administration, manager of the department; Carl E. Thompson, ordinary insurance administration, manager of the department; Ralph E. Traber, methods research, senior research associate; Edward C. White Jr., securities investment, manager of the public utilities section, and Arthur A. Windecker, underwriting, manager of the group administration department.

Promoted to the new position of regional vice-president in group affairs were Boyd J. Blevins, Atlanta, former group manager of the southern department, and Walter E. Paully, San Francisco, group manager of the western department.

Also elected to regional vice-president in city mortgage were Reuben G. Carlson, St. Louis, manager of the central division; Willis M. Holtum, San Francisco, manager of the western division; Kent R. Mullikin, Washington, D. C., manager of the eastern division, and Robert S. Wilkerson, Birmingham, Ala., manager of the southern division.

Given officer status were Norman Brodie, Alvin B. Nelsen and Robert E. Shalen, associate actuaries, Joseph E. Kelly, associate counsel, and Dr. Thomas H. Alphin, medical director in the bureau of medical services.

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Lutheran Brotherhood reports January issued and paid-for business totaled more than $21 million, an increase of 21.4% over the $17,418,921 registered in January, 1960.

Companies' 1960 Annual Statements Given

AETNA LIFE

Aetna Life assets at the end of 1960 were $4,031,107,933, a gain of $230,538,399, and surplus increased to more than $355 million. Premium income for the year was $793 million, up $61 million.

Individual life sales were $667 million, a gain of $47.6 million, raising the total individual life insurance in force to $4.6 billion. Group life and employe insurance plan sales totaled $1.4 billion, bringing total group life in force to $19,722,000,000.

Group and individual health insurance volume was $375 million.

AID ASSN. FOR LUTHERANS

New business of Aid Association for Lutherans in 1960 reached a record $245,978,381, up 8%. Insurance in force increased 12% to $1,807,498,252. Policyholders' benefits amounted to $14 million.

Assets totaled $332 million, a gain of $30 million. Net rate of interest was 4.37%. The fraternal invested $50 million during the year. Premium income of $37,779,541 was $4 million above 1959.

BANKERS OF IOWA

Bankers of Iowa wrote $462 million of new business in 1960, of which $281,334,093 was ordinary. Insurance in force rose $210 million to $3,760,170,334, and ordinary accounted for $2,077,609,558 of the in-force figure.

Policyholders' benefits amounted to $114,125,830, and $59,769,578 was set aside for reserves.

Assets increased $64 million to $1,093,533,892. Interest on investments, before taxes, was 4.20% compared to 4.09% in 1959.

CAPITOL LIFE

Capitol Life of Denver reports assets at year end topped $52,439,000, of which $18,167,000 is invested directly into Colorado communities, industries, and residences. This is a 20% increase in assets in just a year. Total capital and surplus is $3,249,000.

CENTRAL LIFE, IA.

Central Life of Des Moines reports a 1960 increase of more than $48 million in insurance in force. Total in force now totals $637,253,817. Sales of new life during the year totaled $95,009,117—more than 6% over 1959. The company's assets now total $178,225,706. Surplus at year-end totaled $14,913,345.

Invested assets earned 4.27% net interest before federal income taxes and 3.84% after taxes. This compares with 4.15% and 3.66% as corresponding figures for the year before. Present dividend scale on life and annuity policies will be continued.

EQUITABLE OF IOWA

Sales of life insurance totaled $167,956,384, and the in force went up to $1,773,299,887 at year-end, Equitable of Iowa reports. Additions to policy reserves amounted to $21,794,961, bringing the total to $526,995,853. Capital and surplus were increased to $36,804,807. Total assets rose to $685,075,199, and the rate of earnings on assets continued its upward trend of recent years reaching 3.96%.

GREAT-WEST LIFE

Great-West Life had sales of $667,329,000 in 1960—a gain of 13% over 1959.

Total business in force reached $5,091,000,000. Of this amount, more than 42% is owned by U. S. policyholders.

Assets increased $48 million to $791,494,000. The net rate of interest earned on invested assets rose to 5%. Total income from premiums and investments was $159,975,000. A new scale of policyholder dividends providing for an increase of $1 million annually was made effective Jan. 1, 1961.

At year-end group life and annuities in force stood at more than $2.5 billion. Total premiums from individual and group health insurance were $28,862,000, compared to $25,666,000 in 1959.

GREAT NATIONAL

A seven percent increase in insurance in force, and assets totaling $44 million, have been reported by Great National Life. Combined in force as of Dec. 31 amounted to $215,500,000. Capital and surplus funds increased to a total of $3,333,134.

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Companies Appealing N.Y. Ruling Hitting Insurability Option

NEW YORK—The 19 companies affected by the New York department's ruling against the suicide provision used in policies bought pursuant to their guaranteed insurability riders have decided to appeal to the special term of the New York supreme (trial) court. Massachusetts Mutual, which had a separate but parallel action, is also appealing.

The department ruling held that policies issued in accordance with guaranteed insurability provisions are in effect an extension of the original coverage and hence cannot contain a suicide clause, which the companies now include, just as they do on similar policies issued without reference to a guaranteed insurability rider.

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Schedule Of Events For NALU Midyear Is Now Complete

(CONTINUED FROM PAGE 1)

for women guests on Tuesday, and the excursion to Gulfstream Park on Thursday, the latter being arranged by former NALU Trustee R. B. "Tilly" Walker, New York Life, Hollywood, Fla. The Tuesday afternoon "film festival" will feature a number of sound movies and film strips on social security, aging, and life insurance, which are available to life agents for use in their local community service activities.

This year's midyear is the next-to-last of such events, as the result of action taken by the NALU national council last September abolishing midyear meetings after next year's. This fact, plus an interesting program and the extensive promotion by the host association, has resulted in prospects for an unusually heavy attendance.

Room reservations should be made by writing directly to the Galt Ocean Mile Hotel, Ft. Lauderdale, Fla. This ocean-front hotel and the adjoining Beach Club and Ocean Manor hotels will be used to house registrants and their guests.

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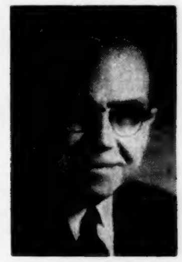
Ramsey Agency Wins American Genl. Award

The Ramsey agency of Shreveport has won the President's trophy of American General in semi-annual competition encompassing all phases of agency production and management. President Benjamin N. Woodson presented the gold cup to the agency, which was the first of the newer agencies to win it.

Phoenix Mutual Names Haggard Senior V-P; Three Others Promoted

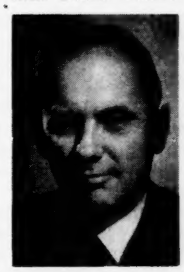
Paul H. C. Haggard, former vice-president in charge of underwriting of

Paul H. C. Haggard



Clifford L. Morse

Phoenix Mutual Life, has been elected senior vice-president. In other appointments, Clifford L. Morse, agency vice-president, becomes marketing vice-president in charge of product development, market research and specialized sales; Gordon K. Harper, manager at Philadelphia, succeeds Mr. Morse, and John Gummere, assistant secre-



Gordon K. Harper

John Gummere

tary in the underwriting department, is promoted to secretary in charge of underwriting operations.

Mr. Haggard joined the law department in 1932, transferred to the planning and personnel department in 1945 as assistant secretary, and after that became secretary and then 2nd vice-president of the underwriting department.

Mr. Morse, who joined the Hartford agency in 1933, became manager at Seattle in 1941 and was transferred to the home office three years later. He was subsequently promoted to secretary and director of agencies. He is a CLU.

Mr. Harper, also a CLU, became an agent at Chicago in 1931, supervisor there in 1938 and manager at Philadelphia in 1940. He is a member of Million Dollar Round Table.

Mr. Gummere, who has been with Phoenix Mutual since 1949, is a fellow of Society of Actuaries. He became actuarial assistant in 1952 and the same year was promoted to assistant actuary.

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Charles McCaffrey To Be N. Y. C. CLU Lunch Speaker

Charles McCaffrey, editor of Query, publication of American College, and lecturer in advanced underwriting at the Wharton school of University of Pennsylvania, will be the speaker at the luncheon of the New York City CLU chapter, March 1. The meeting will be held at the New York University Club, 123 West 44th Street. In addition to his teaching and editorial duties, Mr. McCaffrey is a special consultant to Provident Mutual Life.

Ralph L. Rosenblatt, Los Angeles, led the Midland Mutual field force in all-round performance in January for the ninth time since he joined the company in 1953.

Equitable Society Managers Get Awards

Award-winning managers of Equitable Society, with President James F. Oates Jr., at right, and Agency Vice-president S. A. Burgess, at left, who presented the trophies. Managers are, from left, Bernard F. Voll, Oakland, Cal., Peter M. Billington, Des Moines, Avrom I. Dickman, San Diego, Larkin M. Wilson, Shreveport, La., Edwin J. Debus, Hempstead, N.Y., and Lee Wandling, Milwaukee.

Manpower development, effective innovation and meeting the challenge of change were the main topics at the annual managers conference of Equitable Society at Boca Raton, Fla.

President James F. Oates Jr. emphasized the need to change, both to meet changing conditions and to do a better job.

Senior Vice-president Joseph L. Beesley said the meeting's theme, "Planned Performance for Progress," implied not only stepped-up production but also "the upgrading through personal development and the improved retention of our greatest productive asset—our manpower."

Agency Vice-president S. A. Burgess said none of the many changes that have taken place since Equitable's founding has involved a substitute for the agent—in fact, "because of the complexity of our business today, he is more important than ever before."

There were a number of other talks given by company officers and managers.

Callahan Tops Time's Agents

Time of Milwaukee's Elm Grove, Wis. agent, Thomas Callahan, led the company's 1,400 agents in health insurance production during 1960. In making more than 300 individual sales, Mr. Callahan, who is a former president of International Assn. of Health Underwriters, developed in excess of $50,000 annualized premium—most of which was in major medical and loss of income insurance.

Genl. American Honors Group Men

General American Life honored several of its district group offices for outstanding performance in 1960 at a group seminar in Chicago attended by all group representatives. San Francisco was first in new life and health premiums. St. Louis led in life and health premiums, new group life and total group life volume. Los Angeles led in number of new cases. Awards according to number of men in each office went to San Francisco as first in new life and health premium and new group life volume. Pittsburgh led in total life and health premium and total group life volume.

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Minn. Information Group Inaugurates TV Series On Insurance History

Minnesota Insurance Information Center has inaugurated a series of 13 weekly half-hour TV programs on the history and operation of the insurance industry, using KTCA-TV, Minneapolis-St. Paul educational station. Entitled "What Are the Odds?", the series continues through May 11.

In charge of the venture is Robert P. Provost, executive director MIIC. Kenneth Wunsch, public relations director Northwestern National Life, is writing the scripts, and Donald O'Brien, a local TV "personality," will act as master of ceremonies.

Minnesota Insurance Information Center is a cooperative organization to which all of the more than 80 insurance companies headquartered in the state are eligible for membership. At present, more than 30 companies are actively supporting the center, which is now starting its third year.

Pillsbury Succeeds Rondeau

F. F. Rondeau, president Mutual Service companies, was succeeded as MIIC president by John S. Pillsbury Jr., president Northwestern National Life, at the annual meeting this month.

Other newly elected officers are vice-presidents: W. J. Ruppert, vice-president Minnesota Mutual Life; Charles Buxton, president Federated Mutual; and R. M. Hubbs, executive vice-president St. Paul F.&M. Reelected secretary-treasurer was R. B. Purcell, secretary Anchor Casualty.

"The MIIC television series is different in that it does not attempt to explain the development and operation of the insurance industry by either the lecture or panel method," Mr. Provost stated. "Rather, it attempts to tell the story of the industry in a lightly-phrased, non-technical, conversational style which the layman can readily understand, and with a degree of visual illustration designed to capture and maintain his interest.

Each half-hour program is being videotaped and will subsequently be transferred to 16mm sound film for later use in educational activities with schools and other groups.

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New England Life Relaxes Underwriting Rules On ADB

New England Life has liberalized its underwriting requirements for adding accidental death benefit and waiver of premium to policies already in force, including increased limits for the use of non-medical questionnaires.

Requirements for the addition of waiver of premium will be determined by the amount of the policy premium subject to waiver, rather than the face amount of insurance.

Non-medical forms for ADB, which is also triple indemnity when death occurs on a common carrier, will be accepted on applications for additions up to $25,000 ADB at ages 5 to 30, up to $15,000 at ages 31 to 50 and $10,000 over age 50.

Non-medical forms will be accepted for addition of waiver of premium if the total premium including riders is less than $1,000 per year at age 15 to 50 and less than $500 at age 51 and over.

New Handbook Of Nebraska Is Published

A new Underwriters Handbook of Nebraska has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Nebraska handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price $12.50 each.

Blowers, Walsh Win Top Franklin Life Honors

Franklin Life's Man-of-the-Year honors have gone to William G. Blowers, regional manager at Cleveland, and John P. Walsh, Chicago, has won the title of General Agent of 1960.

John P. Walsh

William G. Blowers

Mr. Blower's northern Ohio division was the company's best, scoring a 67.3% increase in sales. In his first complete year in life insurance, Mr. Walsh's agency wrote $2.5 million of business.

the Back Page

Presented regularly in this space for the inspiration and enlightenment of life underwriters everywhere by the Life Insurance Members of the American General Group.

THE SALES INSISTENCE OF THE NEED

LATELY I HAVE BEEN reflecting with pleasure upon the happy fact that the *sales resistance* which all men must encounter in all walks of selling is, in our own business, outweighed by the *sales insistence* of the many and pressing needs for life insurance.

Sales resistance, of course, is only natural. Every salesman of every commodity must meet it . . . even the man who sells those "durable consumer goods" we all drool for and desire in endless quantity and infinite variety. The consumer has schooled himself to present a protective armor of sales resistance to every salesman every day. He has learned that his desires are limitless and his dollars limited, and of necessity he has cultivated the habit of buying carefully and deliberately. He has learned to hesitate even when he ardently desires that which is offered him.

Sales resistance is natural, therefore. *But it is also natural that sales resistance diminishes as the urgency of the need increases.* If I were on hand to offer you a fire extinguisher just as you saw a tiny fire in your kitchen threatening to spread into blazing disaster, your sales resistance would be *nil.* If I could drive along the highway and offer you a new tire while you were looking at a flat rear wheel ten miles from town and ruefully remembering that you left your spare at the service station yesterday, you wouldn't make much point of the fact that you have a brother-in-law in the tire business . . .

Thus, urgent and pressing needs create *sales insistence* which overbalances *sales resistance.* This is a happy and fortunate fact for all of us in the life insurance business. It tells us that once we persuade a man to take thirty minutes out of his busy life to look seriously at his needs for life insurance, their urgency will outweigh his natural sales resistance, and press him toward decision and action.

FOR EXAMPLE—

—Two or three young partners have decided to set up a buy-and-sell agreement so that the heirs of the first to die may sell their interest quickly and surely and profitably, and so that the survivor or survivors may own the business in its entirety. But when the buy-and-sell problem has been solved, a new problem arises, and now the partners are forced to think about the survivors' problem of finding the needed funds. *When that happens, the need for life insurance is suddenly found to be so pressing and so urgent that sales insistence takes over, and the sale is ready for completion.*

—A young man of family, with no assets of consequence save his earning power, comes face to face for the first time with the certainty that his *needs for income*—either his family's needs in event of his untimely death, or his own needs in retirement—will outlive his *earning power.* Then he begins to realize that when earning power is gone there will be no income save income from property or investments. And then he must inevitably recognize that life insurance is the *only* property he can buy in sufficient amounts to do the job, and on terms that he can meet. *When he thus sees through his needs, sales insistence will outweigh sales resistance, and his decision will be all but automatic.*

—A man of substantial means suddenly becomes aware of the extent to which federal and state taxes will bite into his estate. Then he realizes that his executor may be forced to sacrifice business interests for a fraction of what they are worth *now* during the owner's lifetime, or to sell securities or property on an unfavorable market—or both. Next, he learns that by means of single-premium life insurance he can prepay his taxes at a significant discount, and also gain the advantage of deciding for himself what assets shall be sold for the purpose, rather than leaving that decision to his executor. Then he learns that by means of annual-premium life insurance he can do the job on easy terms . . . and perhaps sell *no* assets! *And at that point the sales insistence of his urgent need drives all sales resistance out of his consciousness, and a purchase follows naturally.*

—Here we see a rising young businessman, who feels no need for life insurance because he has an option to buy into the firm for which he works and is completely confident that he will be worth half a million dollars in another ten years. Suddenly he sees for the first time that he can deliver that amount to his family *only if he lives*—but that if his time is cut short his family would lose a husband, a father, *and the unrealized portion of that half a million dollars.* Suddenly he realizes that the more he expects to make in the years ahead, the more life insurance he must have now. *Suddenly his eyes are opened, and his sales resistance is overcome by the sales insistence of his need.*

—Consider now the tremendous, inexorable sales insistence inherent in the situation of a young man of heavy family responsibilities and modest income. He has only now decided that his family could not possibly live on less than $300 a month in event of his death, and has only now discovered that he has provided them with only $200. Now he faces the difficult decision of whether to cut his family's very modest prospective income by 33%, or his own present and much larger income by 3%. The decision may prove painful, and he may be so distressed about his situation as to be momentarily unhappy with the underwriter who brought it to his attention. *Yet he will in due course make the right and wise decision because no other course will satisfy, and because the sales insistence of his need is all but irresistible.*

—Here we see the pressure of the need for a program of thrift. We see it arouse the young man who has just come face to face with the realization that he has earned $50,000 in the decade since he started to work, and has amassed a thousand or two of net worth out of all the money which has passed through his hands. He is suddenly confronted by the bitter realization that if he does as well in the next three decades as he has in the one just ended, he may come to the end of his working life with five or ten or, at most, twenty thousand dollars to show for the quarter-million-dollar fortune which he will have earned and spent and spun through his checking account. *With this awareness comes the sales insistence of his need for the gentle compulsion of life insurance thrift, and, with it, all sales resistance is extinguished.*

* * *

YES, IT IS INDEED our good fortune that the sales insistence of the several needs for life insurance is so great, so urgent, so irresistible. It is our good luck—it is our compensation for the difficulties and problems of selling a so-called intangible—that when we have uncovered the need and made it sufficiently clear, its urgency will create a want sufficiently powerful to brush aside all sales resistance.

Praise the Lord for the *sales insistence* which lies inherent in the simple fact of modern life: *that there must be dollars for tomorrow as well as dollars for today.*

And praise Him, too, for that *sales resistance* which is natural to almost every man. For without it, the average man might so unbalance his budget with the purchase of things he can eat or drink, wear or drive, sit and look at or show to his neighbors, that he would be left with no single penny of today's income for the purchase of dollars for tomorrow!

Best wishes,

American General Life Insurance Company, Houston, Texas / Knights Life Insurance Company, Pittsburgh, Pa. — Lincoln, Nebr. / The Home State Life Insurance Company, Oklahoma City, Oklahoma / Hawaiian Life Insurance Co. Ltd., Honolulu, Hawaii

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